

Maluti-A-Phofung Municipality Draft Annual Budget 2014/15 “MTREF”





2014/15 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR Automated Meter Reading
CFO Chief Financial Officer
MM Municipal Manager
CPI Consumer Price Index
DBSA Development Bank of South Africa
DoRA Division of Revenue Act
DWA Department of Water Affairs
EE Employment Equity
EEDSM Energy Efficiency Demand Side Management
EM Executive Mayor
FBS Free basic services
GAMAP Generally Accepted Municipal Accounting Practice
GRAP General Recognised Accounting Practice
HR Human Resources
IDP Integrated Development Strategy
IT Information Technology
kℓ kilolitre
km kilometre
KPA Key Performance Area
KPI Key Performance Indicator

kWh kilowatt

ℓ litre
LED Local Economic Development
MEC Member of the Executive Committee
MFMA Municipal Financial Management Act
MIG Municipal Infrastructure Grant
MMC Member of Mayoral Committee
MPRA Municipal Properties Rates Act
MSA Municipal Systems Act
MTEF Medium-term Expenditure Framework
MTREF Medium-term Revenue and Expenditure Framework
NERSA National Electricity Regulator South Africa
NGO Non-Governmental organisations
NKPIs National Key Performance Indicators
OP Operational Plan
PMS Performance Management System
PPE Property Plant and Equipment
SALGA South African Local Government Association
SDBIP Service Delivery Budget Implementation Plan



PART1- DRAFT ANNUAL BUDGET

1.1 MAYOR'S REPORT

1.2 Resolutions

1.2.1 DRAFT ANNUAL BUDGET FOR THE 2014/15 AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK, IDP AND RELATED POLICIES

1.2.2 (A) Consolidated annual Operating Budget

The annual consolidated total operating income of R1,400,829,465.04 and annual consolidated total operating expenditure of R1,395,829,465.04 and indicative amounts for the two projected outer years 2015/16 and 2016/17, be approved as set out in the following Tables:

- (a) Operating revenue by source reflected in **TABLE A4 on – Page 12**
- (b) Operating expenditure by type reflected in **TABLE A4 on – Page 12**
- (c) Operating expenditure by vote classification reflected in **TABLE A3 on – Page 26**

1.2.3 (B) Consolidated annual Capital Budget

- (a) That the Annual consolidated capital budget of R288,309,000.00 and the multiyear appropriations by vote, GFS classification and funding for the two projected outer years 2015/16 and 2016/17, be approved as set out in **TABLE A5 on Page 30**

1.2.4 (C) MAP annual Operating Budget

That the Annual total operating income of R1,250,708,465.04 and annual total operating expenditure of R1,255,708,465.04 and indicative amounts for the two projected outer years 2015/16 and 2016/17, be approved as set out in the following Schedules:

- (a) Operating revenue and expenditure by source reflected in **TABLE A4 on – Page 37**
- (b) Operating expenditure by type reflected in **TABLE A4 on – Page 37**
- (c) Operating expenditure by vote classification reflected in **TABLE A3 on – Page 36**

1.2.5 (D) MAP Annual Capital Budget

- (a) That the annual capital budget of R288,309,000.00 and the multiyear appropriations by vote, GFS classification and funding for the two projected outer years 2015/16 and 2016/17, be approved as set out in **TABLE A5 on page 39**



1.2.7(E) MAP WATER Annual Operating Budget

That the Annual total operating income of R145,121,000.00 and annual total operating expenditure of R145,121,000.00 and indicative amounts for the two projected outer years 2015/16 and 2016/17, be noted as set out in the following Schedules:

- (a) Operating revenue by source reflected in TABLE D2 on –Annexure 4
- (b) Operating expenditure by type reflected in TABLE D2 on –Annexure 4

1.2.8(F) that the property rates and any other municipal tax reflected in Annexure 3 proposed for the budget year 2014/2015 be approved.

1.2.10(G) that the annual reviewed policies as reflected on Annexure 5 be adopted for implementation

1.2.11(H) That the reviewed IDP for 2014/2015 be approved as on Annexure 6

1.3 EXECUTIVE SUMMARY

The preparation of the draft annual budget for the 2014/2015 financial year shall be informed by the following:

- Annual IDP of the Municipality,
- Actual results for 2012/2013 financial year,
- Approved budget 2013/2014
- Expected results for 2014/2015 financial year
- The departmental operational plans to be prepared by the various Heads of the Departments.

The percentage increase in operating expenditure will at all times be limited to the level of increase in operating income. It must also be noted that the final percentage increases per group and department may vary based on the following considerations:

- Review of past performance,
- Expected changes in the macro-economic environment, and
- Community priorities.

The guideline growth limits are only for self-generated revenue sources. It excludes the increased national allocations provided for the purpose of expanding infrastructure and providing basic services to more households.

An annual budget set out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under-spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic. Furthermore, annual budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The above forms the basis for the preparation of the annual budget and continuous reference needs therefore to be made to it. Departments are encouraged to pay particular attention to the following when finalising their annual budget documentation:

- Improving the alignment between the IDP, operational plans, and expected service delivery milestones and targets,
- Optimizing the inclusion of new priorities within baseline allocations through reprioritization, and
- Ensuring the affordability of revised medium-term plans which require an increase to baseline allocations.
- National and Provincial priorities and to be included when preparing the budgets
- Money be allocated to from Low priority programmes to High priority programmes

The effects of the economic challenges experienced over the past years still linger and continue to place pressure on the community at large which results in difficulties for the municipality in terms revenue collection and this also impact on service delivery.

Despite this pressure on available resources, the 2014/15 budget give s priority to setting aside the financial means to build on the foundations that have been laid thus far in terms of providing service to and raising the living standards of the poorest individuals and communities at large. In line with National Government's focus on poverty alleviation, the budget is designed to extend further the Municipality's already extensive packages of services and financial relief measures for indigent communities, while still maintaining appropriate levels of service delivery to the community

Revenue estimates should be realistic, as the operating expenditure budget will be funded by the total revenue budget. It should also be reiterated that the council may not budget for a deficit and the budget should be fully funded

The guidelines for growth parameters for the budget process for 2014/2015 - 2016/2017 shall be limited to 6%, to be able to provide services and fulfil its responsibilities, the Municipality will have to obtain additional revenue from tariff increases on the various services provided.

The needs of the community, the ability of the community to pay for the services provided to them and the growth rate allowed by National Treasury should be taken into account when Council considers the annual increase in tariffs and the average effect thereof on consumer accounts. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as practically possible therefore they recommend that any increase in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target needs to be justified.

When drafting the 2014/2015 to 2016/2017 budgets the following is taken into account:

- The estimated actual income for the 2013/2014 financial year (based on the July to February income figures).
- An estimated natural growth rate of 1% in services (electricity, waste removal) and a growth rate of 1% (resulting from supplementary valuation roll) on assessment rates on the estimated actual income for the 2013/2014 financial year.
- An average increase of 5% in tariffs.(aggregate)

Although an overall aggregate tariff increase of 5.5% will be maintained when drafting the guidelines for the 2014/2015 to 2016/2017 budget, it must be noted that a different percentage increase may be considered for each service, as long as it results in an overall tariff increase of not more than 5.5% for the Municipality except for electricity which controlled by National Electricity Regulator of South Africa or it were more than 5.5% is used it is justified. This will assist in determining the most acceptable and affordable scenario for the residents and ratepayers of the Maluti-A-Phofung.

The Municipality revenue quantum is determined by setting a package of tariffs which are not only affordable to its ratepayers and the users of its services, but deemed to be fair and realistic levels when viewed in context of its programmes to assist those who do not have the

means to pay.

Maluti-A-Phofung municipality strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Projected Municipality growth and continued economic development;
- Realistic revenue management, which provides for the achieving of the collection rate target;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Setting of trading services" user charges at levels which are reflective of these services" cost recovering nature;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's indigent policies to assist the poor and rendering of free basic services; and
- Tariff policies.

The following growth limits have been published by the National Treasury and it shall form the basis of increase in the tariff and related expenditure which should range between 4 to 5.7 per cent. (N.B. The 2013/14 actual is an estimate by NT)

Fiscal year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Headline CPI Inflation	5.9%	5.3%	4.9%	4.9%	

Table 1 CONSOLIDATED OVERVIEW OF THE 2014/15 MTREF

FS194 Maluti-a-Phofung - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Property rates	132 112	172 028	164 553	204 500	204 500	204 500	204 500	214 725	225 461
Property rates - penalties & collection charges									
Service charges - electricity revenue	148 778	230 917	366 000	350 000	102 000	102 000	400 000	400 000	400 000
Service charges - water revenue	13 134	39 125	45 850	49 000	49 000	49 000	70 500	74 025	77 726
Service charges - sanitation revenue	34 261	39 614	20 150	25 000	25 000	25 000	33 000	34 650	36 383
Service charges - refuse revenue	18 881	20 899	19 266	20 000	20 000	20 000	25 000	26 250	27 563
Service charges - other	33 414	39 071	33 924	45 393	53 925	53 925	56 621	59 452	62 425
Rental of facilities and equipment	313	922	1 550	1 250	1 545	1 545	1 621	1 702	1 787
Interest earned - external investments	7 568	2 018	2 424	1 800	1 800	1 800	2 000	2 100	2 205
Interest earned - outstanding debtors	24 361	30 614	17 127	22 940	25 000	25 000	30 000	31 500	33 075
Dividends received					-	-			
Fines	465	5 011	3 051	3 200	3 200	3 200	3 500	3 675	3 859
Licences and permits					-	-			
Agency services									
Transfers recognised - operational	241 803	394 024	425 760	449 210	449 210	449 210	491 688	548 465	556 613
Other revenue	3 466	15 670	444 783	417 600	192 358	192 358	82 399	57 769	48 158
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	658 554	989 914	1 544 438	1 589 893	1 127 538	1 127 538	1 400 830	1 454 314	1 475 254
Expenditure By Type									
Employee related costs	231 450	297 857	274 398	323 756	321 239	321 239	351 445	370 521	390 655
Remuneration of councillors	17 508	17 659	24 671	24 000	21 000	21 000	22 100	23 205	24 365
Debt impairment	62 105	98 388	66 594	55 000	11 600	11 600	15 000	15 750	16 538
Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Finance charges	5 066	8 419	16 000	8 000	3 000	3 000	6 000	6 300	6 615
Bulk purchases	218 411	325 829	310 524	311 466	97 298	97 298	368 474	369 731	371 072
Other materials									
Contracted services	72 187	44 447	104 435	105 000	105 450	105 450	65 000	67 150	69 408
Transfers and grants	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Other expenditure	143 857	996 195	410 800	332 671	337 951	337 951	329 310	340 500	349 791
Loss on disposal of PPE									
Total Expenditure	1 038 298	2 100 071	1 585 146	1 589 893	1 127 538	1 127 538	1 395 830	1 454 156	1 475 243
Surplus/(Deficit)	(379 744)	(1 110 157)	(40 708)	0	(0)	(0)	5 000	157	11
Transfers recognised - capital	279 968	294 380	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	(99 776)	(815 777)	256 860	269 133	289 258	289 258	258 309	256 381	273 045
Taxation									
Surplus/(Deficit) after taxation	(99 776)	(815 777)	256 860	269 133	289 258	289 258	258 309	256 381	273 045
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(99 776)	(815 777)	256 860	269 133	289 258	289 258	258 309	256 381	273 045
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(99 776)	(815 777)	256 860	269 133	289 258	289 258	258 309	256 381	273 045

1.3.1. FINANCIAL OVERVIEW OF THE CONSOLIDATED ANNUAL BUDGET

1.3.1.1 TOTAL CONSOLIDATED OPERATING ANNUAL BUDGET

The projected annual revenue amounts to R1, 400, 829 billion for the 2014/15 financial year, which represents an increase of R 273,292 thousands which is (24%) more the approved budget for 2013/14. For the 2015/16 and 2016/17 financial years the annual budgeted revenue amounts to R1 454,829 billion which represents an increase of R53,484 million (4%) and R1 475,254 billion which represents an increase of R20,941 million (1%) respectively. In total the consolidated annual operating expenditure budget for the 2014/15 financial year amounts to R1,395, 829 billion, which represents an increase of R268, 292 thousands (24%) more than the approved budget for 2013/14. For the 2015/2016 and 2016/17 financial years the proposed annual operating expenditure budgets amounts are R1,454,157 billion and R1,475,243 billion respectively, which represent increase of R58,328 (4%) and R21,086 million (1%) for the two outer years.

The capital budget of R288, 309 million for 2014/2015 is 34.2 per cent less when compared to the 2013/2014 Adjustment budget. The reduction is due to the external loan that we were supposed to get from DBSA which the Municipality is not going to receive anymore as compared to the 2013/2014. The capital programme decreases to R256, 224 million which is 11 per cent less when compared to 2015/2016 and increased to R273, 034 million which represents almost 6,6 per cent increase when compared to 2016/2017. A substantial portion of the capital budget will be funded from the capital grants and the balance will be funded from internally generated funds. This internal funding project depends on the municipality collections the capital budgets remains relatively flat over medium term.

The table below is a consolidated overview of the proposed 2014/15 Medium –term Revenue and Expenditure Framework:

Description	Audit Actuals 2012/2013	Adjustment Budget 2013/2014	MTREF		
			Budget Year 2014/2015	Budget Year +1 2015/2016	Budget Year +2 2016/2017
	R'000	R'000	R'000	R'000	R'000
Revenue	1 589 893	1 127 538	1 400 829	1 454 313	1 475 254
Expenditure	1 589 893	1 127 538	1 395 829	1 454 157	1 475 243
Surplus/Deficit	-	-	5 000	156	11
Total Capital Expenditure	364 658	438 258	288 309	256 224	273 034

1.3.1.2 REVENUE BY SOURCE OF FUNDING

Table 2 Summary of revenue classified by main revenue source

	Past performance	Current Year	Medium Term Revenue & Expenditure Framework		
Description	Audit Actuals 2012/2013	Adjustment Budget 2013/2014	Budget Year 2014/2015	Budget Year +1 2014/2015	Budget Year +2 2015/2016
	R'000	R'000	R'000	R'000	R'000
Rates & Taxes	164 553	204 500	204 500	214 725	225 461
Electricity	366 000	102 000	400 000	400 000	400 000
Refuse removal	19 266	20 000	25 000	26 250	27 563
Grants & Subsidies	348 037	369 210	403 188	458 965	468 412
Interest earned - external investments	2 424	1 800	2 000	2 100	2 205
Interest earned - outstanding debtors	17 127	25 000	30 000	31 500	33 075
Other Income	4 601	13 313	12 520	13 146	13 804
Income from Old Debt	444 783	183 790	75 000	50 000	40 000
Income received by the Municipality on behalf of the Entity for Services	33 924	74 000	103 500	108 675	114 109
Water	45 850	35 299	37 064	38 917	40 863
Sanitation	20 150	18 626	19 557	20 535	21 562
Grants & Subsidies (Entity)	77 723	80 000	88 500	89 500	88 200
TOTAL OPERATING REVENUE	1 544 438	1 127 538	1 400 829	1 454 313	1 475 254

Table 3 Percentage growth in revenue by main revenue Source

	Past performance		Current Year		Medium Term Revenue & Expenditure Framework					
Description	Audit Actuals 2012/2013	%	Adjustment Budget 2013/2014	%	Budget Year 2014/2015	%	Budget Year +1 2015/2016	%	Budget Year +2 2016/2017	%
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Rates & Taxes	164 553	11%	204 500	18%	204 500	15%	214 725	15%	225 461	15%
Electricity	366 000	24%	102 000	9%	400 000	29%	400 000	28%	400 000	27%
Refuse removal	19 266	1%	20 000	2%	25 000	2%	26 250	2%	27 563	0
Grants & Subsidies	348 037	23%	369 210	33%	403 188	29%	458 965	32%	468 412	32%
Interest earned - external investments	2 424	0%	1 800	0%	2 000	0%	2 100	0%	2 205	0%
Interest earned - outstanding debtors	17 127	1%	25 000	2%	30 000	2%	31 500	2%	33 075	2%
Other Income	449 384	29%	13 313	1%	12 520	1%	13 146	1%	13 804	1%
Income from Old Debt	-	0%	183 790	16%	75 000	5%	50 000	3%	40 000	3%
Income received by the Municipality on behalf of the Entity for Services	33 924	2%	74 000	7%	103 500	7%	108 675	7%	114 109	8%
Water	45 850	3%	35 299	3%	37 064	3%	38 917	3%	40 863	3%
Sanitation	20 150	1%	18 626	2%	19 557	1%	20 535	1%	21 562	1%
Grants & Subsidies (Entity)	77 723	5%	80 000	7%	88 500	6%	89 500	6%	88 200	6%
TOTAL OPERATING REVENUE	1 544 438	100%	1 127 538	100%	1 400 829	100%	1 454 313	100%	1 475 254	100%

1.3.1.3 PROPERTY RATES

- a) The proposed revenue for **ASSESSMENT RATES** has increased by 0% from the Adjustment budgets of 2013/2014 and this revenue estimates excluding the rebate (Income forgone) of R615 million. This source of revenue constitutes 15% of the total proposed revenue and it forms core of the municipality revenue base, no tariff increase on assessment rates.

1.3.1.4 ELECTRICITY REVENUE

The estimate for **ELECTRICITY REVENUE** has increased by 75% from the Adjustment budget. This source of revenue constitutes 29% of the total operating revenue. The electricity revenue decreased massively and was adjusted as such because of the Rural maintenance that took over on the 1st of September 2013. Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund all these necessary upgrades through increases in the municipality electricity tariff since the resultant tariff increase would be unaffordable for the consumers, however the municipality has invested on new revenue management system to reduce the losses by installation of smart meters on the household's and Automatic Meter Reading System (AMR) for all the businesses and residential.

1.3.1.5 REFUSE REMOVAL REVENUE

The estimates for **REFUSE REMOVAL** are increased by 25% from the Adjustment budget and the increase is attributed by tariff increase. This source of revenue constitutes 2% of our proposed revenue.

1.3.1.6 GOVERNMENT GRANTS AND SUBSIDIES

This category constitutes 29% of our total proposed operating income and the grants and subsidies consist of the following see a table below: The equitable share allocations supplement municipalities' own revenues for the provision of basic services to poor households. Grants have increased by 9,2% from the adjustment budget.

Table 4 Operating Transfers and Grant Receipts

Description	Adjusted Amount for 2013/2014	Amount allocated for 2014/2015	Amount allocated for 2015/2016	Amount allocated for 2016/2017
OPERATING GRANTS	R'000	R'000	R'000	R'000
Equitable Share	361 770	392 154	450 848	465 695
Finance Management Grant	1 550	1 600	1 650	1 700
Municipal System Improvement Programme Grant	890	934	967	1 018
Water Services Operating Subsidy Grant	5 000	8 500	5 500	-
Total Operating Grants	369 210	403 188	458 965	468 413

1.3.1.7 INCOME RECEIVED BY MAP ON BEHALF OF THE ENTITY

Income received by MAP on behalf of the entity constitutes 7% of our proposed revenue. Income for all services is paid into one bank account which is for a municipality and billings are done by the Municipality for all services then the income received for water and sanitation on behalf of the entity, then the entity invoice the municipality for the actual income received for this services. **Note should be taken that water and sanitation are the responsibility of Maluti-A-Phofung Water Entity.**

1.3.1.8 INTEREST EARNED ON EXTERNAL INVESTMENTS

The estimate for **INTEREST EARNED ON EXTERNAL INVESTMENTS** constitutes 0% of the proposed total revenue and it has increased by 11% form the adjusted budget of 2013/2014.

1.3.1.9 INTEREST EARNED ON OUTSTANDING DEBTORS

The estimate for **INTEREST EARNED ON OUTSTANDING DEBTORS** has increased by 20%, we are not allowed to charge interest on government accounts and almost 14.4% of our outstanding debts are from government accounts as at 28 February 2014. Note should be taken that non-payment is still a challenge as almost 49,5% of our total debt rests with residential. This source of revenue constitutes 2% of the proposed total revenue

1.3.1.10 Other Revenue

This group includes revenue generated through services provided to the community, i.e. building plan fees, water and electricity connection fees, fines, transport fees, dumping fees, fines, rent of facilities, etc. and this constitutes 1% of our total Revenue.

1.3.1.11 Income from Old Debt

This includes the outstanding balance from the previous financial years of services that were not charged on government accounts and this constitutes 5% of our projected income. The municipality debt book is at +- R735 million. Government Departments are included in these old debts of which they constitute 14,4%.

1.3.1.12 Water and Sanitation

Water constitutes 3% of our total operating income and this category of income increased by 5% from the adjustment budget however the municipality is embarking on installing Automatic Meter Reading System (AMR) to replace old meter since some of the meter are faulty and their readings are not accurate. Sanitation constitutes 1% of our total operating income, sanitation increased by 5% from the adjustment budget.

1.4 OPERATING REVENUE FRAMEWORK

1.4.1 PROPOSED TARIFF SETTING

Detailed Proposed tariffs for the 2014/2015 financial year are attached to the budget document on Annexure 3, however the summary of the proposed increase is as follows:

Table 5 summary of proposed tariffs

Description	Average Increase
Rates and Taxes	0%
Electricity	7.36%
Refuse	5%
Water	5.5%
General Tariffs	5%
Community Services	5%
Cemetery	5%
Advertising	5%
Sanitation	5%

1.4.1 Rates and Taxes Tariff

There is not proposed increase on the Property Rates tariff for 2014/2015 financial year the following tariff will apply:

Table 6 Property rates Comparison

PROPERTY RATES AND TAXES TARIFFS		2014/2015 PROPOSED				
	APPROVED 2013/2014	Rate per Rand	Rebate %	Rebate Value per Rand	Rate Payable per Rand	Tariff Codes
RESIDENTIAL PROPERTY						
Market value (developed)	0.0076	0.3802	98%	0.3726	0.0076	VA0001
Market value (undeveloped)	0.0380	0.3802	90%	0.3422	0.0380	VA0002
Old Age / Pensioners / Indigent	0.0000	0.3802	100%	0.3802	0.0000	VA0003
(Rebate on first R65 000 of market value is granted)						
(20% rebate will be granted on the full payment made in full before 30 September 2013)						
Residential, Business, Agricultural, Industrial, shopping malls and complexes and public service infrastructure will be granted 5% rebate if their paying their accounts before the due date which is the 7th of every month)						
BUSINESS						
Market value (developed)	0.0380	0.7604	95%	0.7224	0.0380	VA0004
Market value (undeveloped)	0.0760	0.7604	90%	0.6844	0.0760	VA0005
STATE OWNED PROPERTY						
Market value (developed)	0.0851	0.0951	11%	0.0100	0.0851	VA0024
Market value (undeveloped)	0.0851	0.0951	11%	0.0100	0.0851	VA0025
The rebate of (1c) one cents shall be given on for rates and taxes for government properties						

National Treasury's MFMA Circular No.51 deals inter alia with the implementation of Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on the 1 July 2009 and prescribe the rate ratio for the non-residential categories, public services infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the past budgets processes.

The following stipulations in the Property Rates Policy are highlighted:

The first R65 000 of the market value of a property used for residential purposes is excluded from rate-able value in addition to this 5% rebate will be granted to rate payers who will pay their rates account before the due date which is the 7th of every month

100 per cent rebate will be granted to registered indigents, Old age and state pensioners in terms of Indigent Policy

100 per cent rebate will be granted to registered non- profit organisation

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth out-strips supply. The municipality is in a process of reviewing the current water tariff structure to ensure that water tariffs structures are cost reflective by 2016 and also to ensure that:

- Water tariffs are fully cost – reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Table 7 Comparison between current water charge and increase

WATER SERVICE	APPROVED RATES 2013/2014	PROPOSED % INCREASE	PROPOSED RATES 2014/2015
Tariff 1	R		R
MAP AREA - DOMESTIC USERS OLD AGE HOMES, HOSTELS AND FLATS			
0-6 kl - free basic water	6.12	5.5%	6.46
7-12 kl	7.48	5.5%	7.89
13-25 kl	7.71	5.5%	8.13
26-40 kl	7.92	5.5%	8.36
41kl and upwards	8.89	5.5%	9.38
0-6 kl non inc municipal area, Plots & Farms	5.00	5.5%	5.28

1.4.3 Sanitation and impact of tariffs increases

A tariff increase of 5 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent subsidy) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R19.5 million for the 2014/2015 financial year.

The following table compares the current and approved tariffs:

Table 8 Comparison between current Sanitation charge and increase

DOMESTIC - BASIC CHARGE PER STAND	Current Tariffs 2013/14	Proposed Tariffs 2014/15	Increase	Percentage Increase
Harrismith & Kestell: Domestic, Flats, Old age & Hostels	113.47	119.15	5.67	5%
Intabazwe	68.38	71.79	3.42	5%
Tshiame A	47.09	49.45	2.35	5%
Tshiame B shared connections	53.53	56.21	2.68	5%
Qwa Qwa area	92.36	96.98	4.62	5%
Tlholong	41.39	43.46	2.07	5%

1.4.4 Electricity and impact of tariff increase

NERSA's guideline is 7.36 per cent increase in the Eskom bulk electricity tariff which will come into effect as from 01 July 2014

The municipality has made an application to NERSA in regard to stepped tariff structure which needs to be implemented as from 01 July 2014 the effect thereof will be that the higher the consumption, the higher the cost per kWh. The implementation will be effected upon the approval by NERSA until then the municipality will maintain current tariff structure.

The following table compares the current and approved tariffs

Table 9 Comparison between current Electricity charge and increase

Tariff A, Houses, Flat, Old Ages Homes, Church Offices, Charity Organisations, Schools, Sports Grounds, Clubs, Agriculture Societies		Current Tariffs 2013/14	Proposed Tariffs 2014/15	Increase	Percentage Increase
Normal meter-per kWh(single phase) summer tariff	0-50kWh)	0.76	0.82	0.06	7.36%
	(51-350kWh)	1.01	1.08	0.07	7.36%
	(351-600kWh)	1.33	1.43	0.10	7.36%
	(>600kWh)	1.38	1.48	0.10	7.36%
Normal meter-per kWh(single phase) Winter tariff	0-50kWh)	0.8005	0.86	0.06	7.36%
	(51-350kWh)	1.12	1.20	0.08	7.36%
	(351-600kWh)	1.39	1.49	0.10	7.36%
	(>600kWh)	1.39	1.49	0.10	7.36%
Normal meter-per kWh(Three phase) summer tariff	0-50kWh)	0.76	0.82	0.06	7.36%
	(51-350kWh)	1.01	1.08	0.06	7.36%
	(351-600kWh)	1.33	1.43	0.07	7.36%
	(>600kWh)	1.38	1.48	0.10	7.36%
Normal meter-per kWh(Three phase) winter tariff	0-50kWh)	0.8005	0.86	0.10	7.36%
	(51-350kWh)	1.12	1.20	0.06	7.36%
	(351-600kWh)	1.39	1.49	0.08	7.36%
	(>600kWh)	1.39	1.49	0.10	7.36%

1.4.5 Waste management and impact of tariff increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

Considering the deficit, the municipality is doing a comprehensive investigation into the cost structure of solid waste function and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle. A 5 per cent increase in the waste removal tariff is proposed from 1 July 2014

Table 10 Comparison between current Refuse removal charge and increase

	Current Tariffs 2013/14	Proposed Tariffs 2014/15		
<u>Residential:</u>	Per month for one refuse removal per week		Increase	Percentage Increase
Dwellings, Town Lands, Flats, Churches, Halls, Old Aged Homes, Schools, Sport Stadiums and Clubs, Agricultural.	61.99	65.09	3.10	5%
Harrismith Town Plot dwellings	71.83	75.42	3.59	5%
Phuthaditjhaba	71.83	75.42	3.59	5%
Kestell	71.83	75.42	3.59	5%
Tlholong	71.83	75.42	3.59	5%
Intabazwe	71.83	75.42	3.59	5%
Tshiame	71.83	75.42	3.59	5%
Departmental	71.83	75.42	3.59	5%
Businesses, including businesses operated from residential dwellings (per container per month)	256.33	269.14	12.82	5%

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increase on large and small households, as well as an indigent household receiving free basic services

Table 11 MBRR Table SA14- Household bills

FS194 Maluti-a-Phofung - Supporting Table SA14 Household bills

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	266 809.00		266 809.00	274 813.27	274 813.27	274 813.27	5.0%	288 553.93	302 981.63	318 130.71
Electricity : Basic levy	104.93		140.21	144.42	144.42	144.42	5.0%	151.64	159.22	167.18
Electricity : Consumption	395 927.24		461 726.00	475 577.78	475 577.78	475 577.78	5.0%	499 356.67	524 324.50	550 540.73
Water: Basic levy				-	-	-	5.0%	-	-	-
Water: Consumption	1 519 226.59		1 691 047.50	1 741 778.93	1 741 778.93	1 741 778.93	5.0%	1 828 867.87	1 920 311.26	2 016 326.83
Sanitation	21 410.00		24 054.00	24 775.62	24 775.62	24 775.62	5.0%	26 014.40	27 315.12	28 680.88
Refuse removal	19 444.00		21 845.25	22 500.61	22 500.61	22 500.61	5.0%	23 625.64	24 806.92	26 047.27
Other										
sub-total	2 222 921.76	-	2 465 621.96	2 539 590.62	2 539 590.62	2 539 590.62	5.0%	2 666 570.15	2 799 898.66	2 939 893.59
VAT on Services										
Total large household bill:	2 222 921.76	-	2 465 621.96	2 539 590.62	2 539 590.62	2 539 590.62	5.0%	2 666 570.15	2 799 898.66	2 939 893.59
% increase/-decrease		(100.0%)	-	3.0%	-	-		5.0%	5.0%	5.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	98 000.00		110 540.00	113 856.20	113 856.20	113 856.20	5.0%	119 549.01	125 526.46	131 802.78
Electricity : Basic levy	104.93		140.21	144.42	144.42	144.42	5.0%	151.64	159.22	167.18
Electricity : Consumption	160 234.97		186 864.28	192 470.21	192 470.21	192 470.21	5.0%	202 093.72	212 198.40	222 808.32
Water: Basic levy				-	-	-	5.0%	-	-	-
Water: Consumption	137 220.26		160 702.27	165 523.34	165 523.34	165 523.34	5.0%	173 799.51	182 489.48	191 613.95
Sanitation	1 745.00		1 840.98	1 896.21	1 896.21	1 896.21	5.0%	1 991.02	2 090.57	2 195.10
Refuse removal	1 640.00		1 722.00	1 773.66	1 773.66	1 773.66	5.0%	1 862.34	1 955.46	2 053.23
Other										
sub-total	398 945.16	-	461 809.74	475 664.03	475 664.03	475 664.03	5.0%	499 447.23	524 419.60	550 640.58
VAT on Services										
Total small household bill:	398 945.16	-	461 809.74	475 664.03	475 664.03	475 664.03	5.0%	499 447.23	524 419.60	550 640.58
% increase/-decrease		(100.0%)	-	3.0%	-	-		5.0%	5.0%	5.0%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	322 228.32		322 228.32	331 895.17	331 895.17	331 895.17	5.0%	348 489.93	365 914.42	384 210.15
Electricity : Basic levy	104.93		140.21	144.42	144.42	144.42	5.0%	151.64	159.22	167.18
Electricity : Consumption	67 003.81		78 139.16	80 483.33	80 483.33	80 483.33	5.0%	84 507.50	88 732.88	93 169.52
Water: Basic levy				-	-	-	5.0%	-	-	-
Water: Consumption	492 847.17		548 587.01	565 044.62	565 044.62	565 044.62	5.0%	593 296.85	622 961.69	654 109.78
Sanitation	373.00		391.65	403.40	403.40	403.40	5.0%	423.57	444.75	466.99
Refuse removal	396.00		415.80	428.27	428.27	428.27	5.0%	449.69	472.17	495.78
Other										
sub-total	882 953.23	-	949 902.15	978 399.21	978 399.21	978 399.21	5.0%	1 027 319.18	1 078 685.13	1 132 619.39
VAT on Services										
Total small household bill:	882 953.23	-	949 902.15	978 399.21	978 399.21	978 399.21	5.0%	1 027 319.18	1 078 685.13	1 132 619.39
% increase/-decrease		(100.0%)	-	3.0%	-	-		5.0%	5.0%	5.0%

SOCIAL PACKAGE

The following social package will be provided during 2014/2015 financial year.

Table 12 social packages

Service charges	Residents	Indigent
Electricity		50kWh per month
Water	6kl per month	6kl per month
Refuse removal	0	100%
Sanitation	0	100%
Assessment rates	(Rebate on first R65 000 of market value is granted)	100%
Assessment rates	5% will be granted on the full payments done on rates before the due date (7th) of every month	
Assessment rates	(20% rebate will be granted on the full payment made in full before 30 September 2014)	

It is proposed that the Free Basic Electricity (50kWh) be provided only to registered indigents within the municipality

1.5 OPERATING EXPENDITURE FRAMEWORK

The expenditure section of the operating budget outlines out all the operating expenses and cash outflows to both internal and external sources.

In order to facilitate accountability departments must budget for all expenditure necessary for the performance of their respective functions.

However, departments are required to address only the expenditure items directly manageable by the relevant department.

The zero-based types of analysis where all activities are open to in-depth review and scrutiny during the budget process provides an opportunity for the reallocation of resources to important priorities and avoid continuous growth in the budgeted expenditure of low priorities.

The expenditure budget consists of operational service delivery items and provides, inter alia, for the following:

Table13 Operating Expenditure by Standard classification item

Description	Audit Actuals 2012/2013	Adjustment Budget 2013/2014	Budget Year 2014/2015	% in relation to 2014/15 budget year	Budget Year +1 2015/2016	Budget Year +2 2016/2017
	R'000	R'000	R'000		R'000	R'000
Employee related costs	274 398	321 239	351 445	25%	370 522	390 655
Remuneration of Councillors	24 671	21 000	22 100	2%	23 205	24 365
Debt impairment	66 594	11 600	15 000	1%	15 750	16 538
Depreciation	300 000	150 000	150 000	11%	171 500	158 600
Repairs and maintenance	109 518	134 683	100 424	7%	99 074	95 072
Finance charges	16 000	3 000	6 000	0%	6 300	6 615
Bulk purchases	310 524	97 298	368 474	26%	369 731	371 072
Contracted services	104 435	105 450	65 000	5%	67 150	69 407
Grants and subsidies paid	77 723	80 000	88 500	6%	89 500	88 200
General expenses	301 282	203 268	228 886	16%	241 425	254 719
TOTAL OPERATING EXPENDITURE BY TYPE	1 585 145	1 127 538	1 395 829	100%	1 454 157	1 475 243

The following table gives a breakdown of the main expenditure categories for the 2014/2015 financial year:

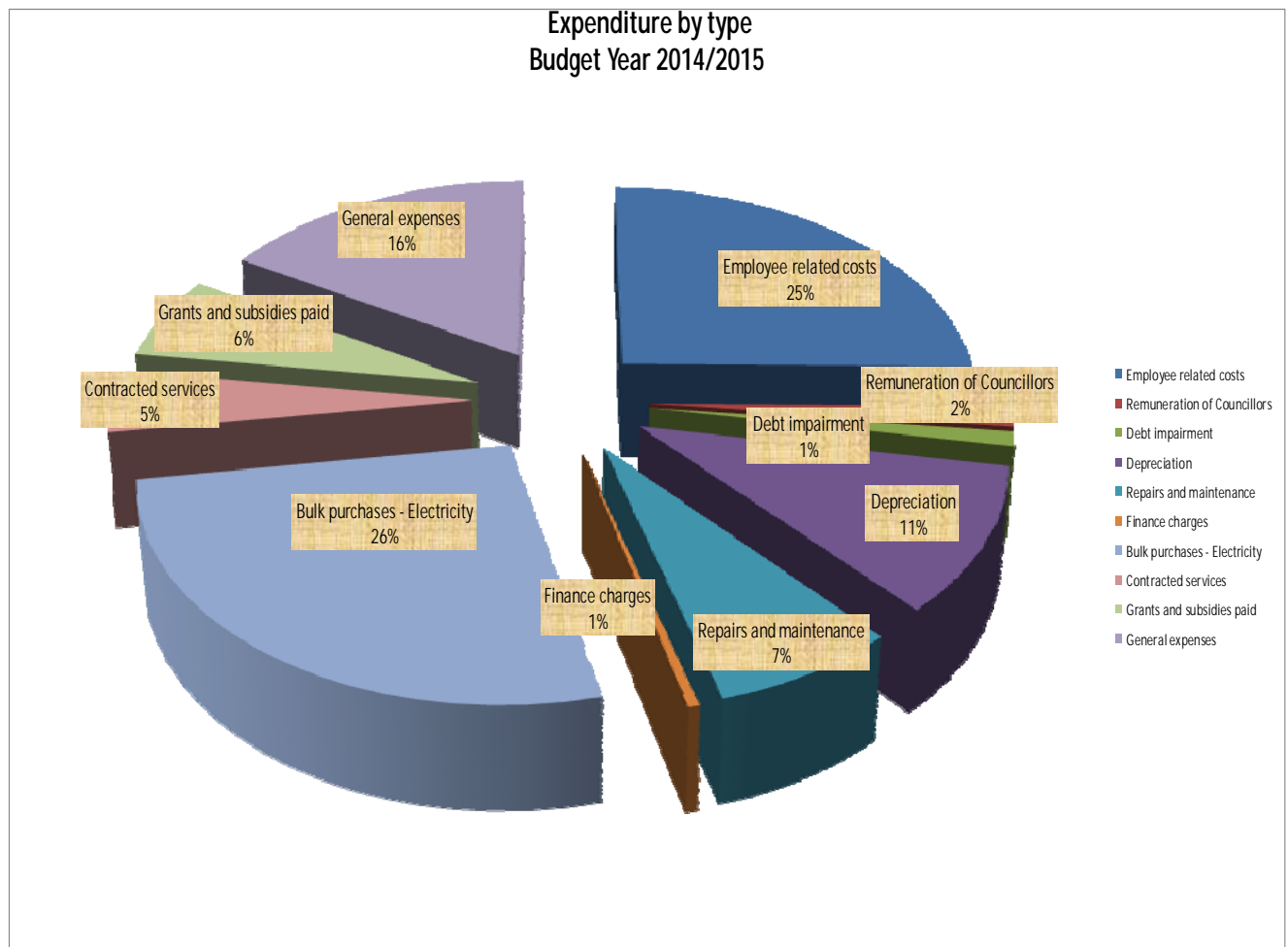


Table 14 Operating Expenditure By Vote

Expenditure By Vote	Actual 12/13	Adjustment Budget 2013/2014	Budget Year 2014/2015	% in relation to 14/15 budget	Budget Year +1 2015/2016	Budget Year +2 2016/2017
Legislative Authority	42 967 800	54 724 679	50 698 066	4%	53 232 970	55 894 618
Office of MM	28 499 725	36 022 531	28 529 193	2%	29 955 653	31 453 436
Corporate Services	31 500 685	28 871 166	32 393 839	2%	34 013 531	35 714 208
Financial Services	665 573 974	414 186 324	400 495 996	29%	431 082 096	425 388 850
Municipal Infrastructure	502 421 769	326 305 075	575 042 595	41%	585 194 724	595 854 461
Community Services	11 016 180	9 543 800	12 131 019	1%	12 737 570	13 374 448
Public Safety	105 630 030	43 455 621	48 722 939	3%	51 159 086	53 717 040
Sports,Parks	28 444 700	34 953 823	40 123 015	3%	42 129 166	44 235 624
LED & Tourism	9 283 242	14 250 914	22 091 300	2%	23 195 865	24 355 659
Spatial,Housing Dev Plan	46 590 471	31 298 980	40 480 503	3%	42 504 528	44 629 755
MAP Water	113 247 000	133 925 000	145 121 000	10%	148 952 000	150 625 000
Total	1 585 175 576	1 127 537 914	1 395 829 465	100%	1 454 157 188	1 475 243 098

Table 15 MBRR Table A3 – Budgeted Financial Performance (revenue and Expenditure by municipal vote)

FS194 Maluti-a-Phofung - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - Legislative Authority	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services	105	1 161	405	200	260	260	200	210	221
Vote 4 - Budget & Treasury Office	908 672	907 062	1 013 231	1 011 482	787 634	787 634	717 798	760 556	772 583
Vote 5 - Municipal Infrastructure	149 109	231 585	386 559	371 728	123 728	123 728	426 728	428 065	429 468
Vote 6 - Community Services	18 888	20 916	7	5	671	671	50	53	55
Vote 7 - Public Safety	589	5 354	3 349	3 902	3 902	3 902	5 629	5 911	6 206
Vote 8 - Parks, Sports & Recreation	636	963	1 586	2 451	2 571	2 571	1 421	1 492	1 567
Vote 9 - LED & Tourism	–	–	–	–	–	–	–	–	–
Vote 10 - Human Settlement and Traditional Affairs	667	979	1 410	732	847	847	382	401	421
Vote 11 - Water & Sanitation	48 427	53 116	31 106	39 360	43 626	43 626	52 557	55 185	57 944
Vote 12 - Water	72 365	150 779	146 541	160 033	164 299	164 299	196 064	202 442	206 789
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	1 199 458	1 371 916	1 584 194	1 589 893	1 127 538	1 127 538	1 400 830	1 454 314	1 475 254
Expenditure by Vote to be appropriated									
Vote 1 - Legislative Authority	38 191	28 033	42 968	43 500	54 725	54 725	50 698	53 233	55 895
Vote 2 - Office of the Municipal Manager	10 210	9 689	28 500	33 000	36 023	36 023	28 529	29 956	31 453
Vote 3 - Corporate Services	19 081	46 017	31 501	28 000	28 871	28 871	32 394	34 014	35 714
Vote 4 - Budget & Treasury Office	440 515	1 257 050	665 574	660 500	414 186	414 186	400 496	431 082	425 389
Vote 5 - Municipal Infrastructure	279 745	441 007	502 422	557 000	326 305	326 305	575 043	585 195	595 854
Vote 6 - Community Services	34 158	37 385	11 016	11 500	9 544	9 544	12 131	12 738	13 374
Vote 7 - Public Safety	34 188	41 311	105 630	52 000	43 456	43 456	48 723	51 159	53 717
Vote 8 - Parks, Sports & Recreation	18 815	24 838	28 445	29 000	34 954	34 954	40 123	42 129	44 236
Vote 9 - LED & Tourism	2 465	1 379	9 283	9 000	14 251	14 251	22 091	23 196	24 356
Vote 10 - Human Settlement and Traditional Affairs	17 854	14 776	46 590	41 000	31 299	31 299	40 481	42 505	44 630
Vote 11 - Water & Sanitation	–	–	–	–	–	–	–	–	–
Vote 12 - Water	70 727	109 590	113 247	125 393	133 925	133 925	145 121	148 952	150 625
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	965 950	2 011 075	1 585 176	1 589 893	1 127 538	1 127 538	1 395 829	1 454 157	1 475 243
Surplus/(Deficit) for the year	233 508	(639 159)	(982)	0	–	–	5 000	157	11

1.5.1 Employee Related Cost and Remuneration by Councillors

The allocation for employee related cost for 2014/15 amount to R351 million which equals to 25 per cent of the total operating expenditure, and R22 million for remuneration of Councillors allowances which constitutes 2% of the total operating expenditure. The increase in employee related costs is mainly due to the provision of salary increase in the next financial year (2014/15) which is based on 7% that must still be confirmed by the Bargaining Council.

1.5.2 Repairs and Maintenance

Repairs and Maintenance constitutes 7% of our total annual operating expenditure. This category includes all labour, vehicle and material costs for the repair and maintenance of the assets of the Municipality. It includes both contracted services and services performed by employees. The total cost of asset maintenance is disclosed in this category to enable an evaluation of asset performance.

The repairs and maintenance of electricity, roads, storm water systems, traffic lights, buildings, vehicles, grounds, and equipment will be included in this category.

The deferral of maintenance expenditure on assets has the effect of increasing future maintenance costs and also has potential for reducing the economic life of the asset and hence the flow of economic benefits. Deferrals and the impact thereof should be indicated clearly in the operational plans.

In determining the budget under this section, the following should also be allowed for:

- New assets to be acquired during the course of the year and which would require maintenance.
- Capital assets to be sold or disposed of in the course of the year and which would not require further maintenance.

Departments must indicate their needs to maintain the assets of the Municipality in the repairs and maintenance master plans. Departments must also indicate in their operational plans their annual requirements and the deferred maintenance needs.

Table 16 Repairs and Maintenance per asset class

Description	Adjustment Budget 2013/2014	Budget Year 2014/2015	Budget Year +1 2015/2016	Budget Year +2 2016/2017
<i>R & M - AERODROME</i>	5 000	2 000	2 100	2 205
<i>R & M - BUILDINGS</i>	11 690 000	10 275 000	10 788 750	11 328 188
<i>R & M - COMPUTER EQUIPMENT</i>	255 000	823 333	864 500	907 725
<i>R & M - EQUIPMENT & TOOLS</i>	520 000	538 000	564 900	593 145
<i>R & M - COMMUNICATION SYSTEM</i>	100 000	200 000	210 000	220 500
<i>R & M - FENCING</i>	110 000	2 335 000	2 451 750	2 574 338
<i>R & M - FURNITURE</i>	165 000	830 980	872 529	916 155
<i>R & M - ROADS</i>	74 500 000	35 000 000	36 750 000	38 587 500
<i>R & M - GROUNDS & OPEN SPACES</i>	100 000	300 000	315 000	330 750
<i>R & M - MOTORS & PUMPS</i>	130 000	200 000	210 000	220 500
<i>R & M - NETWORK RETICULATION</i>	8 000 000	5 000 000	5 250 000	5 512 500
<i>R & M - OFFICE MACHINES/COMPUTERS</i>	45 000	116 025	121 826	127 918
<i>R & M - RADIO'S</i>	63 000	171 000	179 550	188 528
<i>R & M - RAILWAY SIDINGS/CEMETRIES</i>	100 000	50 000	52 500	55 125
<i>R & M - STREET LIGHTS</i>	11 000 000	8 000 000	8 400 000	8 820 000
<i>R & M - STREET NAMES & SIGNS</i>	100 000	80 000	84 000	88 200
<i>R & M - STREETS & STORMWATER</i>	100 000	100 000	105 000	110 250
<i>R & M - SUBSTATIONS</i>	3 000 000	4 000 000	4 200 000	4 410 000
<i>R & M - VEHICLES</i>	4 000 000	7 021 595	7 372 675	7 741 308
<i>R & M - TRAFFIC LIGHTS</i>	2 500 000	4 500 000	4 725 000	4 961 250
<i>R & M - MAP WATER ASSETS</i>	18 200 000	20 881 700	15 553 770	7 376 047
TOTAL	134 683 000	100 424 633	99 073 850	95 072 131

1.5.3 BULK PURCHASES (ELECTRICITY & WATER)

Proposed Bulk purchases of electricity and water amounts to R368 million which constitutes 26% of the expenditure for 2014/2015 the change is directly informed by the tariff in purchases of bulk electricity from Eskom.

1.5.4 FINANCE CHARGES

Finance charges include the payment of interest and redemption on external loans by municipality. This constitutes 0,4% of the total annual operating expenditure for 2014/2015

1.5.6 CONTRACTED SERVICES

This includes services which have a period of more than one year and these services are electricity, indigent register, financial systems, landside fill, revenue enhancement project and Municipal building insurance. This constitutes 5% of the proposed expenditure for 2014/2015

1.5.7 GRANTS AND SUBSIDIES PAID

These are the grants that the municipality is paying over to the Entity and it constitutes 6% of the proposed expenditure for 2014/2015

1.5.8 GENERAL EXPENSES

General expenses consist mainly of various line items relating to the daily operations of the municipality like, fuel cost, bank charges, consultant fees, training board fees, electricity disconnection fees, grants-in-aid, stationary, printing and postage cost, telecommunication, various rentals, etc. Included in this category is allocation for free basic services (FBS), an allocation of approximately R140 million from equitable share grant shall be utilized for the provision of free basic services and direct subsidy of indigents. And also included in this category is the

The procurement of moveable assets, with an expected lifespan of more than one year, can be classified as capital expenditure financed from the operating budget.

This category will include assets such as furniture, machinery and equipment, electricity and water connections, books, fire-fighting equipment, traffic signs, etc. This category constitutes 14% of total operating expenditure.

1.5.9 PROVISION FOR DEBTS IMPAIRMENT AND DEPRECIATION AND ASSETS IMPAIRMENT

The provision for debt impairment was determined based on an annual collection rate (Current payment levels) and this expenditure is considered to be a non-cash flow item it, it constitutes 1% of the total operating expenditure.

The provision for depreciation and assets impairment constitutes 11% of our total operating expenditure the significant decrease from the previous financial year is due to the verification and the process of inclusion of all municipality assets in the register.

1.6 CAPITAL BUDGET

The IDP process informs the budget and the preparation of the capital budget is based on the capital development priorities approved through the Intergrated Development Plan (IDP).

The capital budget consists of the non-operational needs of the community. The procurement of assets, with a lifespan of more than one year can be classified as capital expenditure.

1.6.1 CONSOLIDATED CAPITAL BY FUNDING SOURCE

The projected annual capital budget amounts to R288,309 million for the 2014/15 financial year, which represents a decrease of R149, 949 million (34,2%) below the approved capital budget for 2013/14.

Table 17 Medium Term Capital funding

Description	Amount allocated for 2013/2014	Amount allocated for 2014/2015	Amount allocated for 2015/2016	Amount allocated for 2016/2017
CAPITAL GRANTS	R'000	R'000	R'000	R'000
Integrated National Electrification Programme (Municipal) Grant	20 000	17 000	25 000	25 000
Expanded Public Works Programme Incentive grant for Municipalities	10 210	4 866	-	-
Dwa-Fika Patso Grant	10 000	6 000	-	-
Rural Household Infrastructure Grant	2 225	4 500	5 000	-
Schoonplatz - Human Settlement	-	30 000	35 000	27 000.00
Regional Bulk Infrastructure Grant (Indirect Grant)	49 500	24 896	32 600	55 000
Municipal Infrastructure Grant	197 323	166 047	158 624	166 034
Total National Grants	289 258	253 309	256 224	273 034
External funds	98 000			
Capital Fixed Assets	-	5 000	-	-
Own funds allocation	51 000	30 000	-	-
Total Capital Grants	438 258	288 309	256 224	273 034

Table 18 MBRR Table A5- Consolidated Budgeted Capital Expenditure by vote, standard classification and funding source

FS194 Maluti-a-Phofung - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Legislative Authority	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Infrastructure	519 374	364 657	230 102	397 133	438 258	438 258	283 309	256 224	273 034
Vote 6 - Community Services	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 8 - Parks, Sports & Recreation	-	-	-	-	-	-	-	-	-
Vote 9 - LED & Tourism	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 11 - Water & Sanitation	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	519 374	364 657	230 102	397 133	438 258	438 258	283 309	256 224	273 034
Single-year expenditure to be appropriated									
Vote 1 - Legislative Authority	-	-	-	-	-	-	5 000	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Infrastructure	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 8 - Parks, Sports & Recreation	-	-	-	-	-	-	-	-	-
Vote 9 - LED & Tourism	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 11 - Water & Sanitation	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	5 000	-	-
Total Capital Expenditure - Vote	519 374	364 657	230 102	397 133	438 258	438 258	288 309	256 224	273 034
Capital Expenditure - Standard									
<i>Governance and administration</i>	43 770	20 536	-	-	101 000	101 000	5 000	-	-
Executive and council	7 067	18 991	-	-	101 000	101 000	5 000	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-
Corporate services	36 703	1 545	-	-	-	-	-	-	-
<i>Community and public safety</i>	3 788	28 609	41 839	47 397	40 850	40 850	35 799	20 881	27 800
Community and social services	1	14 349	15 606	16 882	16 418	16 418	15 474	4 881	-
Sport and recreation	-	14 260	26 233	26 515	22 206	22 206	20 325	16 000	27 800
Public safety	3 787	-	-	-	-	-	-	-	-
Housing	-	-	-	4 000	2 225	2 225	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	337 489	87 729	80 509	48 485	29 922	29 922	74 575	109 659	47 000
Planning and development	82 058	33 916	23 000	23 000	-	-	34 500	40 000	27 000
Road transport	255 431	53 813	57 509	25 485	29 922	29 922	40 075	69 659	20 000
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	134 327	223 139	205 288	220 819	261 055	261 055	167 163	119 565	192 034
Electricity	10 807	53 919	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Water	116 375	113 165	101 701	94 517	91 230	91 230	75 448	62 951	105 000
Waste water management	7 145	56 055	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	4 645	90 432	80 432	5 432	5 432	5 772	6 119	6 200
Total Capital Expenditure - Standard	519 374	364 658	418 068	397 133	438 258	438 258	288 309	256 224	273 034
Funded by:									
National Government	461 375	344 121	297 568	269 133	289 258	289 258	223 309	221 224	246 034
Provincial Government	14 000	-	-	-	-	-	30 000	35 000	27 000
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	475 375	344 121	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	98 000	98 000	98 000	98 000	-	-	-
Internally generated funds	43 999	20 536	22 500	30 000	51 000	51 000	35 000	-	-
Total Capital Funding	519 374	364 657	418 068	397 133	438 258	438 258	288 309	256 224	273 034

Table 19 -List of Capital Project for 2014/2015

PROJECTS FROM MIG GRANT	DRAFT ALLOCATION 2014/2015	DRAFT ALLOCATION 2015/2016	DRAFT ALLOCATION 2016/2017
MAKHOLOKWENG SEWER	1 023 548.01	-	-
PMU ESTABLISHMENT	5 772 029.00	6 118 926.34	6 200 000.00
H/SMITH WASTE WATER TREATMENT WORKS	18 038 594.91	1 439 603.00	-
QWA QWA RURAL PAVED ROADS	9 197 226.43	9 038 578.55	-
INTABAZWE EXT 3 ROADS PHASE 1	265 507.75	-	-
FENCING AND INFRASTRUCTURE CEMETRIES	-	4 880 610.70	-
INTABAZWE PAVED ROADS PHASE 2	499 574.21	-	-
FENCING INFRA CEMETRIES PHASE 1B	6 000 000.00	-	-
NEW INDOOR SPORT & RECREATIONAL FACI	1 423 347.55	-	-
SEDIBA HALL	2 608 030.08	-	-
HIGHMAST LIGHTS MAP	10 789 734.08	2 128 102.10	-
MANDELA PARK SEWER	5 582 145.49	-	-
KESTELL/TLHOLONG WATER TOTAL SOLUTIO	4 058 081.06	-	-
MAKHOLOKWENG RESERVOIR	621 512.51	-	-
PHASE 3 WATER QWAQWA	14 945 601.64	1 405 546.30	-
INTABAZWE SPORTS FACILITIES	17 902 028.01	-	-
PHASE 10 TO VIP TOILETS	1 934 762.40	-	-
PHASE 11 VIP TOILETS	22 346 086.86	28 047 000.00	22 034 000.00
QWAQWA RURAL : WATER NETWORK PHASE 3 (B)	10 953 212.50	12 503 607.48	-
QWAQWA RURAL : WATER NETWORK PHASE 3 (C)	10 973 469.92	16 441 533.12	10 000 000.00
MAP PHUTHAS : PAVING OF ROADS PHASE 3	6 309 456.61	9 557 043.39	-
KESTELL (THLOLONG) ; NEW PAVED ROADS PHASE 5	6 320 341.71	12 679 658.29	-
DISASTER PARK : PAVING OF 4.5KM ROADS - PHASE 3	5 732 709.27	11 383 790.73	-
TAXI RANK IN PHUTHADITJHABA	1 000 000.00	15 000 000.00	-
TAXI RANK IN INTABAZWE	750 000.00	12 000 000.00	-
BLUEGUMBOSCH STADIUM	1 000 000.00	16 000 000.00	4 000 000.00
QWAQWA COSTRUCTION OF VIP TOILETS PHASE 12	-	-	40 000 000.00
QWAQWA RURAL ROADS	-	-	20 000 000.00
PHUTHAS' WATER SERVICES FOR NETWORK EXT. PHASE 4	-	-	40 000 000.00
PLATBERG STADIUM	-	-	23 800 000.00
TOTAL PROJECTS FROM MIG GRANT	166 047 000.00	158 624 000.00	166 034 000.00



PROJECTS FROM OTHER SOURCE OF FUNDING	DRAFT ALLOCATION 2014/2015	DRAFT ALLOCATION 2015/2016	DRAFT ALLOCATION 2016/2017
MAP WATER SCHEME STERKFontein_(Dwaf)	24 896 000.00	32 600 000.00	55 000 000.00
Dwaf REFURBISHMENT - FIKA PATSO	6 000 000.00	-	-
DME ELECTRIFICATION INFRAS;	17 000 000.00	25 000 000.00	25 000 000.00
EPWPI GRANT	4 866 000.00	-	-
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	4 500 000.00	5 000 000.00	-
SCHOONPLATZ-HUMAN SETTLEMENTS	30 000 000.00	35 000 000.00	27 000 000.00
PROJECTS FROM OTHER SOURCE OF FUNDING	DRAFT ALLOCATION 2014/2015	DRAFT ALLOCATION 2015/2016	DRAFT ALLOCATION 2016/2017
MAKHOLOKWENG WATER NETWORKS	3 000 000.00	-	-
TURFontein/MAKENENG PAVED ROAD	6 000 000.00	-	-
FOOTBRIGDES TLHOLONG	4 000 000.00	-	-
SEWER NETWORKS, PHUTHAS HARRISMITH	7 000 000.00	-	-
HIGH VOLTAGE LINESW HARRISMITH	8 000 000.00	-	-
FENCING OF CEMETRIES	2 000 000.00	-	-
TOTAL PROJECTS FROM OWN FUNDS	30 000 000.00	-	-
CAPITAL FIXED ASSETS	5 000 000.00		
TOTAL CAPITAL PROJECTS	288 309 000.00	256 224 000.00	273 034 000.00

1.7 PROPOSED ANNUAL BUDGET TABLES -PARENT MUNICIPALITY

The following tables present the Municipality's main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables indicate operating income and expenditure budget for 2014/15 and two outer years.

TABLE 20 MBRR Table A1 – Budget summary

FS194 Maluti-a-Phofung - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands									
Financial Performance									
Property rates	132 112	172 028	164 553	204 500	204 500	204 500	204 500	214 725	225 461
Service charges	215 053	330 555	451 266	444 000	196 000	196 000	528 500	534 925	541 671
Investment revenue	7 568	2 018	2 424	1 800	1 800	1 800	2 000	2 100	2 205
Transfers recognised - operational	201 986	318 770	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Other own revenue	28 604	52 218	466 511	444 990	222 103	222 103	117 520	94 646	86 879
Total Revenue (excluding capital transfers and contributions)	585 324	875 589	1 432 791	1 464 500	993 613	993 613	1 255 708	1 305 361	1 324 629
Employee costs	198 860	235 718	213 790	245 432	242 975	242 975	267 859	281 252	295 315
Remuneration of councillors	17 508	17 659	24 671	24 000	21 000	21 000	22 100	23 205	24 365
Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Finance charges	5 066	8 419	16 000	8 000	3 000	3 000	6 000	6 300	6 615
Materials and bulk purchases	222 152	318 809	300 000	300 000	80 000	80 000	350 000	350 000	350 000
Transfers and grants	—	—	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Other expenditure	242 841	1 110 905	539 744	457 068	416 638	416 638	366 249	383 448	401 523
Total Expenditure	974 142	2 002 785	1 471 929	1 464 500	993 613	993 613	1 250 708	1 305 205	1 324 618
Surplus/(Deficit)	(388 818)	(1 127 196)	(39 138)	0	(0)	(0)	5 000	156	11
Transfers recognised - capital	279 968	294 380	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Contributions recognised - capital & contributed a	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Capital expenditure & funds sources									
Capital expenditure	519 374	364 658	418 068	397 133	438 258	438 258	288 309	256 224	273 034
Transfers recognised - capital	475 375	344 121	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	98 000	98 000	98 000	98 000	—	—	—
Internally generated funds	43 999	20 536	22 500	30 000	51 000	51 000	35 000	—	—
Total sources of capital funds	519 374	364 657	418 068	397 133	438 258	438 258	288 309	256 224	273 034
Financial position									
Total current assets	236 768	209 660	354 856	217 347	354 516	340 416	292 178	301 787	312 876
Total non current assets	4 586 070	3 945 288	4 414 943	4 144 820	4 390 924	4 390 924	4 610 470	4 840 994	5 083 043
Total current liabilities	241 325	272 940	249 619	81 584	292 037	292 037	266 770	280 108	294 114
Total non current liabilities	32 426	77 625	77 944	81 506	85 922	85 922	90 218	94 729	99 465
Community wealth/Equity	4 549 086	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341
Cash flows									
Net cash from (used) operating	516 065	308 015	262 987	319 000	306 427	306 427	243 309	261 630	285 108
Net cash from (used) investing	(511 291)	(320 514)	(275 864)	(222 782)	(286 690)	(286 690)	(251 843)	(254 684)	(271 417)
Net cash from (used) financing	4 594	11 418	(297)	(2 971)	(4 155)	(4 155)	(5 500)	(5 500)	(5 500)
Cash/cash equivalents at the year end	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517
Cash backing/surplus reconciliation									
Cash and investments available	18 390	17 309	137 898	14 825	145 749	131 649	112 842	113 484	115 158
Application of cash and investments	(133 209)	72 754	123 507	(77 047)	125 076	125 076	107 392	113 354	114 540
Balance - surplus (shortfall)	151 599	(55 445)	14 392	91 872	20 673	6 573	5 450	129	618
Asset management									
Asset register summary (WDV)	893 220	26 614	444 682	424 856	463 467	463 467	314 778	284 017	302 217
Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Renewal of Existing Assets	—	—	90 242	80 302	29 208	29 208	2 608	—	—
Repairs and Maintenance	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696
Free services									
Cost of Free Basic Services provided	112	112	5 478	5 752	5 752	5 752	6 040	194	194
Revenue cost of free services provided	218 731	218 731	583 252	1 491 900	1 441 900	1 441 900	1 492 310	1 564 426	1 640 147
Households below minimum service level									
Water:	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	1	1	1	1	1	1	1	1	1
Energy:	6	6	7	7	7	7	7	8	8
Refuse:	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1- Budget Summary

- Table A1 represents a high-level summary of the Municipality's budget, providing a view that includes all major components of i.e. (Operating, Capital expenditure, financial position, cash flow, and MFMA funding compliance)
 - The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic services delivery backlogs.
 - Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flows Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
- 1) The municipality's financial performance shows surplus position over 2014/2015 MTREF.
 - 2) The municipality's capital expenditure is funded from the following
 - Transfers recognised- capital as reflected on the Financial Performance
 - Internally generated funds are financed from previous year's accumulated surpluses. The affordability and sustainability of these funds is confirmed by the positive and increasing cash flow over the 2014/2015 MTREF.
 - 3) The municipality's cash backing/surplus reconciliation over the 2014/2015 MTREF shows a positive and increasing trend, which is an indication that the Municipality will be able to afford its commitments over the next three years.

TABLE 21

FS194 Maluti-a-Phofung - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	908 672	908 180	1 013 531	1 011 482	787 694	787 694	717 898	760 661	772 693
Executive and council	—	—	—	—	—	—	—	—	—
Budget and treasury office	908 672	907 062	1 013 231	1 011 482	787 634	787 634	717 798	760 556	772 583
Corporate services	—	1 118	300	—	60	60	100	105	110
<i>Community and public safety</i>	1 337	6 831	5 047	6 618	7 519	7 519	7 200	7 560	7 938
Community and social services	112	60	112	205	871	871	150	158	165
Sport and recreation	636	963	1 586	2 451	2 571	2 571	1 421	1 492	1 567
Public safety	589	5 354	3 349	3 902	3 902	3 902	5 629	5 911	6 206
Housing	0	454	—	60	175	175	—	—	—
Health	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	667	525	1 410	672	672	672	382	401	421
Planning and development	667	525	1 410	672	672	672	382	401	421
Road transport	—	—	—	—	—	—	—	—	—
Environmental protection	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	215 551	342 054	452 559	445 728	197 728	197 728	530 228	536 740	543 577
Electricity	149 109	231 585	367 293	351 728	103 728	103 728	401 728	401 815	401 906
Water	13 300	49 938	45 850	49 000	49 000	49 000	70 500	74 025	77 726
Waste water management	34 261	39 632	20 150	25 000	25 000	25 000	33 000	34 650	36 383
Waste management	18 881	20 899	19 266	20 000	20 000	20 000	25 000	26 250	27 563
<i>Other</i>	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	1 126 228	1 257 591	1 472 547	1 464 500	993 613	993 613	1 255 708	1 305 361	1 324 629
Expenditure - Standard									
<i>Governance and administration</i>	504 150	1 334 572	760 710	758 295	526 727	526 727	504 788	540 588	540 370
Executive and council	46 764	32 050	61 564	69 893	81 691	81 691	72 266	75 880	79 674
Budget and treasury office	440 515	1 257 050	665 574	660 500	414 186	414 186	400 496	431 082	425 389
Corporate services	16 871	45 471	33 572	27 901	30 850	30 850	32 025	33 627	35 308
<i>Community and public safety</i>	72 118	86 069	109 818	122 756	114 127	114 127	131 592	138 172	145 080
Community and social services	12 687	15 788	18 848	18 205	16 621	16 621	19 460	20 433	21 455
Sport and recreation	18 815	24 838	28 445	29 000	34 954	34 954	40 123	42 129	44 236
Public safety	34 187	41 311	56 672	52 000	43 456	43 456	48 723	51 159	53 717
Housing	6 428	4 132	5 853	23 550	19 096	19 096	23 286	24 450	25 672
Health	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	39 479	49 060	99 130	75 604	110 399	110 399	86 050	90 352	94 870
Planning and development	11 427	10 644	40 737	17 450	17 865	17 865	29 264	30 727	32 263
Road transport	28 053	38 417	58 392	58 155	92 535	92 535	56 786	59 625	62 607
Environmental protection	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	277 011	430 407	492 988	498 845	233 770	233 770	518 256	525 569	533 248
Electricity	251 692	402 591	452 420	448 845	186 533	186 533	473 021	478 072	483 375
Water	—	—	—	—	—	—	—	—	—
Waste water management	—	—	—	—	—	—	—	—	—
Waste management	25 319	27 816	40 568	50 000	47 237	47 237	45 236	47 498	49 873
<i>Other</i>	2 465	1 379	9 283	9 000	8 589	8 589	10 022	10 523	11 050
Total Expenditure - Standard	895 224	1 901 487	1 471 929	1 464 500	993 613	993 613	1 250 708	1 305 205	1 324 618
Surplus/(Deficit) for the year	231 004	(643 896)	619	0	(0)	(0)	5 000	156	11

Explanatory notes to MBRR Table A2- Budgeted Financial Performance (Revenue and expenditure by standard classification)

- Table A2 is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 15 functional areas.
- Three major contributing items to the increased operating revenue are additional allocations on the Equitable Share and tariff increases on service charges (Electricity, Water, sanitation and refuse)
- This table highlights that the revenues for Electricity and refuse exceed their expenditure and this is absorbed within the rates revenue, however the municipality will undertake a project to compile a transparent tariff structure to explore ways of improving efficiencies.
- Other functions that show a deficit when comparing revenue and expenditure are financed from rates and taxes revenues and other revenues sources reflected under the Budget and treasury office.

TABLE 22

FS194 Maluti-a-Phofung - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - Legislative Authority	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	105	1 161	405	200	260	260	200	210	221
Vote 4 - Budget & Treasury Office	908 672	907 062	1 013 231	1 011 482	787 634	787 634	717 798	760 556	772 583
Vote 5 - Municipal Infrastructure	149 109	231 585	386 559	371 728	123 728	123 728	426 728	428 065	429 468
Vote 6 - Community Services	18 888	20 916	7	5	671	671	50	53	55
Vote 7 - Public Safety	589	5 354	3 349	3 902	3 902	3 902	5 629	5 911	6 206
Vote 8 - Parks, Sports & Recreation	636	963	1 586	2 451	2 571	2 571	1 421	1 492	1 567
Vote 9 - LED & Tourism	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	667	979	1 410	732	847	847	382	401	421
Vote 11 - Water & Sanitation	34 261	39 632	20 150	25 000	25 000	25 000	33 000	34 650	36 383
Vote 12 - Water	13 300	49 938	45 850	49 000	49 000	49 000	70 500	74 025	77 726
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	1 126 227	1 257 591	1 472 547	1 464 500	993 613	993 613	1 255 708	1 305 361	1 324 629
Expenditure by Vote to be appropriated									
Vote 1 - Legislative Authority	38 191	28 033	42 968	43 500	54 725	54 725	50 698	53 233	55 895
Vote 2 - Office of the Municipal Manager	10 210	9 689	28 500	33 000	36 023	36 023	28 529	29 956	31 453
Vote 3 - Corporate Services	19 081	46 017	31 501	28 000	28 871	28 871	32 394	34 014	35 714
Vote 4 - Budget & Treasury Office	440 515	1 257 050	665 574	660 500	414 186	414 186	400 496	431 082	425 389
Vote 5 - Municipal Infrastructure	279 745	441 007	502 422	557 000	326 305	326 305	575 043	585 195	595 854
Vote 6 - Community Services	34 158	37 385	11 016	11 500	9 544	9 544	12 131	12 738	13 374
Vote 7 - Public Safety	34 188	41 311	105 630	52 000	43 456	43 456	48 723	51 159	53 717
Vote 8 - Parks, Sports & Recreation	18 815	24 838	28 445	29 000	34 954	34 954	40 123	42 129	44 236
Vote 9 - LED & Tourism	2 465	1 379	9 283	9 000	14 251	14 251	22 091	23 196	24 356
Vote 10 - Human Settlement and Traditional Affairs	17 854	14 776	46 590	41 000	31 299	31 299	40 481	42 505	44 630
Vote 11 - Water & Sanitation	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	895 223	1 901 485	1 471 929	1 464 500	993 613	993 613	1 250 708	1 305 205	1 324 618
Surplus/(Deficit) for the year	231 004	(643 894)	618	0	-	-	5 000	156	11

Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 shows budgeted financial performance in relation to the revenue and expenditure and the operating surplus or deficit per municipal vote.
- The Water and sanitation is responsibility of the Municipal entity

TABLE 23

FS194 Maluti-a-Phofung - Table A4 Budgeted Financial Performance (revenue and expenditure)

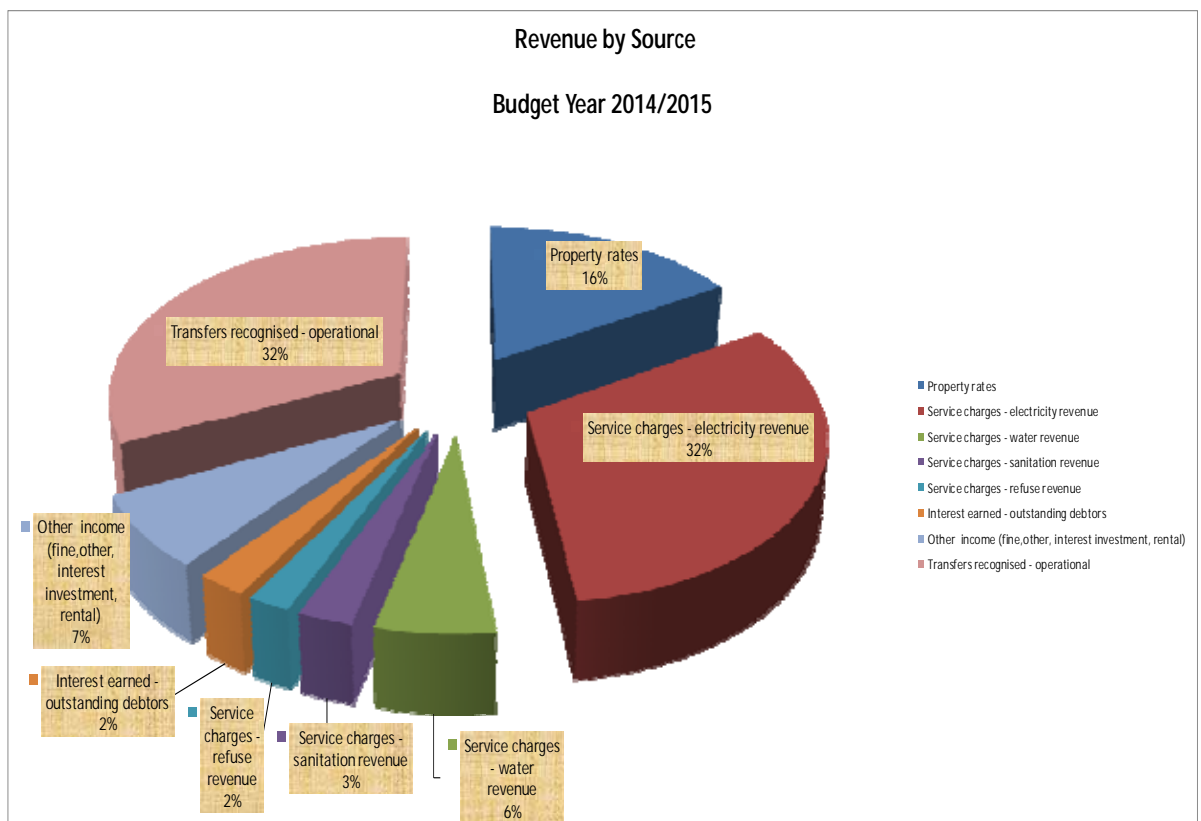
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Revenue By Source									
Property rates	132 112	172 028	164 553	204 500	204 500	204 500	204 500	214 725	225 461
Property rates - penalties & collection charges									
Service charges - electricity revenue	148 778	230 917	366 000	350 000	102 000	102 000	400 000	400 000	400 000
Service charges - water revenue	13 134	39 125	45 850	49 000	49 000	49 000	70 500	74 025	77 726
Service charges - sanitation revenue	34 261	39 614	20 150	25 000	25 000	25 000	33 000	34 650	36 383
Service charges - refuse revenue	18 881	20 899	19 266	20 000	20 000	20 000	25 000	26 250	27 563
Service charges - other									
Rental of facilities and equipment	313	922	1 550	1 250	1 545	1 545	1 621	1 702	1 787
Interest earned - external investments	7 568	2 018	2 424	1 800	1 800	1 800	2 000	2 100	2 205
Interest earned - outstanding debtors	24 361	30 614	17 127	22 940	25 000	25 000	30 000	31 500	33 075
Dividends received									
Fines	465	5 011	3 051	3 200	3 200	3 200	3 500	3 675	3 859
Licences and permits									
Agency services									
Transfers recognised - operational	201 986	318 770	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Other revenue	3 466	15 670	444 783	417 600	192 358	192 358	82 399	57 769	48 158
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	585 324	875 589	1 432 791	1 464 500	993 613	993 613	1 255 708	1 305 361	1 324 629
Expenditure By Type									
Employee related costs	198 860	235 718	213 790	245 432	242 975	242 975	267 859	281 252	295 315
Remuneration of councillors	17 508	17 659	24 671	24 000	21 000	21 000	22 100	23 205	24 365
Debt impairment	62 105	98 388	66 594	55 000	11 600	11 600	15 000	15 750	16 538
Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Finance charges	5 066	8 419	16 000	8 000	3 000	3 000	6 000	6 300	6 615
Bulk purchases	222 152	318 809	300 000	300 000	80 000	80 000	350 000	350 000	350 000
Other materials									
Contracted services	72 187	44 447	104 435	105 000	105 450	105 450	65 000	67 150	69 408
Transfers and grants	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Other expenditure	108 550	968 070	368 715	297 068	299 588	299 588	286 249	300 548	315 578
Loss on disposal of PPE									
Total Expenditure	974 142	2 002 785	1 471 929	1 464 500	993 613	993 613	1 250 708	1 305 205	1 324 618
Surplus/(Deficit)	(388 818)	(1 127 196)	(39 138)	0	(0)	(0)	5 000	156	11
Transfers recognised - capital	279 968	294 380	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Taxation									
Surplus/(Deficit) after taxation	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045

Explanatory notes to Table A4-Budgeted Financial Performance (revenue and expenditure)

- Table A4 is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type. The projected annual revenue as reflected in this table amounts to R1,255,708 billion for the 2014/15 financial year, which represents an increase of R262, 095 million (26%) more than the Adjustment budget for 2013/14. For the 2015/16 and 2016/17 financial years the annual budgeted revenue amounts to R1 305,361 billion which represents an increase of R49,653 million (4%) and R1,324,629 billion which represents an increase of R19,268 million (1%) respectively.
- Revenue to be generated from Property Rates amounts to R204 500 million in the 2014/15 financial year and increases to R214 725 million by 2015/16, which represents 5% of the operating revenue base of the municipality and therefore remain significant funding source for the municipality.

- Service charges relating to Electricity, Water, Sanitation and Refuse Removal constitute the biggest component of the revenue basket of the municipality totalling to R528 500 million for the 2014/15 financial year and increasing to R534, 925 million and R541, 671 million in 2015/16 and 2016/2017 respectively. For the 2014/15 financial year, service charges are 42% of the total revenue collection.
- Transfers Recognised- Operating includes the equitable share and other operating grants from national government. It needs to be noted that in real terms the grants receipts from National government are more by 9 per cent in 2014/2015 as compared to 2013/2014 and increase by 13 per cent and 2 per cent for the two outer years.

The following graph illustrates the major revenue items per type.



- Bulk purchases have increased significantly over the 2007/08 to 2013/2014 period been escalating from 245 million to 300 million. This change is attributed to substantial increase in the cost of bulk electricity from Eskom.
- Employee related costs is also the main cost driver within the Municipality's operating Expenditure , i.e. from R263, 975 million to R289, 959 million a provision of 9 per cent has been made however note should be taken that this still needs to be confirmed with Bargaining Council
- Other Expenditure consist mainly of various line items relating to daily operations of the municipality like, fuel cost, bank charges, consultant fees, audit fees, telecommunication, printing and postage cost etc. Also included in this is the allocation for Free basic services (FBS). The procurement of moveable assets with an expected lifespan of more than one year. This category constitute 22% of the total operating expenditure

TABLE 24

FS194 Maluti-a-Phofung - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Legislative Authority	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Infrastructure	519 374	364 657	230 102	397 133	438 258	438 258	283 309	256 224	273 034
Vote 6 - Community Services	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 8 - Parks, Sports & Recreation	-	-	-	-	-	-	-	-	-
Vote 9 - LED & Tourism	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 11 - Water & Sanitation	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	519 374	364 657	230 102	397 133	438 258	438 258	283 309	256 224	273 034
Single-year expenditure to be appropriated									
Vote 1 - Legislative Authority	-	-	-	-	-	-	5 000	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Infrastructure	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 8 - Parks, Sports & Recreation	-	-	-	-	-	-	-	-	-
Vote 9 - LED & Tourism	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 11 - Water & Sanitation	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	5 000	-	-
Total Capital Expenditure - Vote	519 374	364 657	230 102	397 133	438 258	438 258	288 309	256 224	273 034
Capital Expenditure - Standard									
<i>Governance and administration</i>	43 770	20 536	-	-	101 000	101 000	5 000	-	-
Executive and council	7 067	18 991	-	-	101 000	101 000	5 000	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-
Corporate services	36 703	1 545	-	-	-	-	-	-	-
<i>Community and public safety</i>	3 788	28 609	41 839	47 397	40 850	40 850	35 799	20 881	27 800
Community and social services	1	14 349	15 606	16 882	16 418	16 418	15 474	4 881	-
Sport and recreation	-	14 260	26 233	26 515	22 206	22 206	20 325	16 000	27 800
Public safety	3 787	-	-	-	-	-	-	-	-
Housing	-	-	-	4 000	2 225	2 225	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	337 489	87 729	80 509	48 485	29 922	29 922	74 575	109 659	47 000
Planning and development	82 058	33 916	23 000	23 000	-	-	34 500	40 000	27 000
Road transport	255 431	53 813	57 509	25 485	29 922	29 922	40 075	69 659	20 000
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	134 327	223 139	205 288	220 819	261 055	261 055	167 163	119 565	192 034
Electricity	10 807	53 919	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Water	116 375	113 165	101 701	94 517	91 230	91 230	75 448	62 951	105 000
Waste water management	7 145	56 055	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	4 645	90 432	80 432	5 432	5 432	5 772	6 119	6 200
Total Capital Expenditure - Standard	519 374	364 658	418 068	397 133	438 258	438 258	288 309	256 224	273 034
Funded by:									
National Government	461 375	344 121	297 568	269 133	289 258	289 258	223 309	221 224	246 034
Provincial Government	14 000	-	-	-	-	-	30 000	35 000	27 000
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	475 375	344 121	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing									
Internally generated funds	43 999	20 536	22 500	30 000	98 000	98 000	35 000	-	-
Total Capital Funding	519 374	364 657	418 068	397 133	438 258	438 258	288 309	256 224	273 034

Explanatory Note to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of capital programme in relation to capital expenditure by municipal vote (multi-year and single- year appropriations) capital expenditure by standard classification, and funding sources required to fund the Capital budget, including information on capital transfers from National and Provincial Departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The municipality has allocated multi-year appropriations amounting to R288 309 million in 2014/2015 decreasing to R256 224 million and increasing to R273 034 million in 2015/2016 and 2016/2017 respectively.
3. The Capital Budget is funded by allocations made to the Municipality by National Government and internally generated funds from current year surpluses. For 2014/2015 capital transfers total to R253 309 million increased to R256 224 million and R273 034 million in 2015/2016 and 2016/2017 respectively with internally generated funding to proper rendering of services to the public

TABLE 25

FS194 Maluti-a-Phofung - Table A6 Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Current assets									
Cash	18 390	17 309	12 230	14 510	3 332	3 332	12 841	13 483	14 158
Call investment deposits	–	–	125 369	–	180 387	166 286	100 000	100 000	101 000
Consumer debtors	151 677	162 179	87 207	170 288	130 795	130 795	137 335	144 202	151 412
Other debtors	51 058	14 912	117 999	21 000	24 463	24 463	25 686	26 970	28 319
Current portion of long-term receivables	11 191	9 706	9 706	9 450	12 866	12 866	13 510	14 185	14 894
Inventory	4 451	5 554	2 346	2 100	2 673	2 673	2 806	2 947	3 094
Total current assets	236 768	209 660	354 856	217 347	354 516	340 416	292 178	301 787	312 876
Non current assets									
Long-term receivables	11 440	10 479	10 479	13 178	5 922	5 922	6 218	6 529	6 856
Investments	–	–	300	315	0	0	0	0	0
Investment property	27 706	26 402	26 402	27 723	25 103	25 103	26 358	27 676	29 060
Investment in Associate									
Property, plant and equipment	4 543 343	3 906 632	4 375 899	4 101 963	4 358 093	4 358 093	4 575 998	4 804 798	5 045 038
Agricultural					–	–			
Biological					–	–			
Intangible	287	212	212	–	106	106	112	117	123
Other non-current assets	3 295	1 564	1 651	1 642	1 699	1 699	1 784	1 874	1 967
Total non current assets	4 586 070	3 945 288	4 414 943	4 144 820	4 390 924	4 390 924	4 610 470	4 840 994	5 083 043
TOTAL ASSETS	4 822 837	4 154 949	4 769 799	4 362 168	4 745 440	4 731 340	4 902 648	5 142 781	5 395 920
LIABILITIES									
Current liabilities									
Bank overdraft					37 970	37 970			
Borrowing	8 378	10 475	3 527	10 999	(0)	(0)	(0)	(0)	(0)
Consumer deposits	10 816	11 516	24 655	12 096	11 728	11 728	12 314	12 930	13 576
Trade and other payables	222 131	250 949	221 436	58 490	242 339	242 339	254 456	267 179	280 538
Provisions									
Total current liabilities	241 325	272 940	249 619	81 584	292 037	292 037	266 770	280 108	294 114
Non current liabilities									
Borrowing	12 913	21 315	21 821	22 381	20 675	20 675	21 708	22 794	23 933
Provisions	19 513	56 310	56 123	59 126	65 247	65 247	68 510	71 935	75 532
Total non current liabilities	32 426	77 625	77 944	81 506	85 922	85 922	90 218	94 729	99 465
TOTAL LIABILITIES	273 752	350 565	327 563	163 091	377 959	377 959	356 988	374 837	393 579
NET ASSETS	4 549 086	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 549 086	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341
Reserves	–	–	–	–	–	–	–	–	–
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	4 549 086	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341

Explanatory notes to Table A6 - Budgeted Financial Position

1. The budgeted Statement of Financial Position of the Municipality has been prepared on a basis consistent with GRAP 1 and international accounting standards and as such makes it comparable with the present Statement of Financial Position and those of previous years, to enable all stakeholders to interpret the impact of the budget as such on the Statement of Financial Position.
2. The assets are in the order of relative liquidity and liabilities according to their priority of being met with cash and an extensive table of notes (MBRR Table SA3 which can be found on page 99) are provided with details of the major components of items such as:
 - ▯ Call Investment Deposits
 - ▯ Consumer Debtors
 - ▯ Property, Plant and Equipment
 - ▯ Trade and Other Payables
 - ▯ Non-Current Provisions
 - ▯ Changes in Net Assets
 - ▯ Reserves
3. Movements on the Budgeted Statement of Financial Performance will impact on the Budgeted Statement of Financial Position. Assumptions made on the collection rate for instance, will affect the budgeted cash position of the Municipality and the budgeted impairment of debtors. As such the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance and the general viability of the municipality.

TABLE 26

FS194 Maluti-a-Phofung - Table A7 Budgeted Cash Flows

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	623 446	527 073	471 892	724 857	402 774	402 774	670 520	662 796	690 936
Government - operating	285 721	315 354	348 007	369 210	369 210	369 210	403 188	458 965	468 413
Government - capital	201 986	288 534	284 569	260 133	287 358	287 358	253 309	255 724	273 034
Interest	7 568	2 018	1 903	1 800	1 800	1 800	2 000	2 100	2 205
Dividends					-	-			
Payments									
Suppliers and employees	(597 590)	(816 546)	(834 465)	(949 000)	(671 715)	(671 715)	(991 208)	(1 022 155)	(1 054 666)
Finance charges	(5 066)	(8 419)	(8 919)	(8 000)	(3 000)	(3 000)	(6 000)	(6 300)	(6 615)
Transfers and Grants	-	-		(80 000)	(80 000)	(80 000)	(88 500)	(89 500)	(88 200)
NET CASH FROM/(USED) OPERATING ACTIVITIES	516 065	308 015	262 987	319 000	306 427	306 427	243 309	261 630	285 108
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	4 714	41 698		43 783	-	-			
Decrease (Increase) in non-current debtors	-	-		-	-	-			
Decrease (increase) other non-current receivable	3 369	2 446	1 396	2 568	2 568	2 568	1 466	1 540	1 617
Decrease (increase) in non-current investments			(873)		-	-			
Payments									
Capital assets	(519 374)	(364 658)	(276 388)	(269 133)	(289 258)	(289 258)	(253 309)	(256 224)	(273 034)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(511 291)	(320 514)	(275 864)	(222 782)	(286 690)	(286 690)	(251 843)	(254 684)	(271 417)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing	10 845	11 456	5 047	12 029	-	-			
Increase (decrease) in consumer deposits									
Payments									
Repayment of borrowing	(6 251)	(39)	(5 344)	(15 000)	(4 155)	(4 155)	(5 500)	(5 500)	(5 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	4 594	11 418	(297)	(2 971)	(4 155)	(4 155)	(5 500)	(5 500)	(5 500)
NET INCREASE/ (DECREASE) IN CASH HELD	9 368	(1 081)	(13 175)	93 248	15 582	15 582	(14 034)	1 446	8 190
Cash/cash equivalents at the year begin:	8 220	17 588	16 507	3 332	3 332	3 332	18 914	4 881	6 327
Cash/cash equivalents at the year end:	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The table shows the cash and cash equivalents of the Municipality during the 2014/15 to 2016/17 MTREF.
2. The Municipality has embarked on an extensive debt collection process to boost cash levels it has implemented a debt relief strategy in order to improve their collections. These initiatives and interventions with Provincial government it might have to translate the municipality into a positive cash position
3. For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term, with cash levels anticipated to be R4,8 million by 2014/15 and steadily increasing to R6,3 million by 2015/16 and R14,5 million by 2016/2017.

TABLE 27

FS194 Maluti-a-Phofung - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available									
Cash/cash equivalents at the year end	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517
Other current investments > 90 days	802	802	134 266	(82 070)	126 834	112 734	107 961	107 157	100 641
Non current assets - Investments	-	-	300	315	0	0	0	0	0
Cash and investments available:	18 390	17 309	137 898	14 825	145 749	131 649	112 842	113 484	115 158
Application of cash and investments									
Unspent conditional transfers	17 347	8 086	10 280	8 490	8 854	8 854	9 297	9 761	10 250
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(150 556)	64 669	113 226	(85 537)	116 222	116 222	98 095	103 593	104 290
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	(133 209)	72 754	123 507	(77 047)	125 076	125 076	107 392	113 354	114 540
Surplus(shortfall)	151 599	(55 445)	14 392	91 872	20 673	6 573	5 450	129	618

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded"
4. From the table it can be seen that for the Municipality experienced a surplus and shortfall net cash flow position for the period 2010/11 to 2016/17.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF, the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen, the budget has been modelled to progressively move from a surplus of R5,4 million in 2014/15 to a surplus of R618 thousands by 2016/17.

TABLE 28

FS194 Maluti-a-Phofung - Table A9 Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	519 374	364 658	356 656	316 831	409 049	409 049	285 701	256 224	273 034
Infrastructure - Road transport	61 554	42 857	28 830	4 000	29 922	29 922	40 075	69 659	20 000
Infrastructure - Electricity	10 807	7 092	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Infrastructure - Water	116 375	13 344	101 701	89 517	91 230	91 230	75 448	62 951	105 000
Infrastructure - Sanitation	7 145	10 130	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Infrastructure - Other	199 380	270 699	5 432	5 432	5 432	5 432	5 772	6 119	6 200
Infrastructure	395 261	344 122	239 550	225 251	296 408	296 408	213 010	195 343	218 234
Community	-	-	32 106	16 580	34 641	34 641	67 691	60 881	54 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	123 826	20 508	85 000	75 000	78 000	78 000	5 000	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	287	29	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	-	90 242	80 302	29 208	29 208	2 608	-	-
Infrastructure - Road transport	-	-	57 509	21 485	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	5 000	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	57 509	26 485	-	-	-	-	-
Community	-	-	9 733	30 817	6 208	6 208	2 608	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	23 000	23 000	23 000	23 000	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	61 554	42 857	86 339	25 485	29 922	29 922	40 075	69 659	20 000
Infrastructure - Electricity	10 807	7 092	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Infrastructure - Water	116 375	13 344	101 701	94 517	91 230	91 230	75 448	62 951	105 000
Infrastructure - Sanitation	7 145	10 130	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Infrastructure - Other	199 380	270 699	5 432	5 432	5 432	5 432	5 772	6 119	6 200
Infrastructure	395 261	344 122	297 059	251 736	296 408	296 408	213 010	195 343	218 234
Community	-	-	41 839	47 397	40 849	40 849	70 299	60 881	54 800
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	123 826	20 508	108 000	98 000	101 000	101 000	5 000	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	287	29	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	519 374	364 658	446 898	397 133	438 258	438 258	288 309	256 224	273 034
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	176 166	-	57 509	25 485	29 922	29 922	40 075	69 659	20 000
Infrastructure - Electricity	124 970	-	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Infrastructure - Water	223 810	-	101 701	94 517	91 230	91 230	75 448	62 951	105 000
Infrastructure - Sanitation	92 036	-	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Infrastructure - Other	10 088	-	5 432	5 432	5 432	5 432	5 772	6 119	6 200
Infrastructure	627 070	-	268 229	251 736	296 408	296 408	213 010	195 343	218 234
Community	10 847	-	41 839	47 397	40 849	40 849	70 299	60 881	54 800
Heritage assets	82	-	-	-	-	-	-	-	-
Investment properties	27 706	26 402	26 402	27 723	25 103	25 103	26 358	27 676	29 060
Other assets	227 229	-	108 000	98 000	101 000	101 000	5 000	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	287	212	212	-	106	106	112	117	123
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	893 220	26 614	444 682	424 856	463 467	463 467	314 778	284 017	302 217
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Repairs and Maintenance by Asset Class	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696
Infrastructure - Road transport	9 235	34 301	37 150	39 600	74 800	74 800	35 100	36 855	38 698
Infrastructure - Electricity	5 550	15 248	37 220	29 000	24 500	24 500	21 500	22 575	23 704
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	14 785	49 549	74 370	68 600	99 300	99 300	56 600	59 430	62 402
Community	-	-	536	-	-	-	300	315	331
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	5 998	4 535	34 613	23 583	17 183	17 183	22 643	23 775	24 964
TOTAL EXPENDITURE OTHER ITEMS	308 498	365 360	409 518	442 183	266 483	266 483	229 543	255 020	246 296

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. At this stage spending on repairs and maintenance cannot be reflected by asset class due to the misalignment of the existing asset classes with the plant maintenance asset classes on the financial system. To ensure compliance the Municipality will embark on an asset creation project which will be finalised over a couple of years.

TABLE 29

FS194 Maluti-a-Phofung - Table A10 Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
Water:									
Piped water inside dwelling	13 000 000	13 000 000	13 860	14 553	14 553	14 553	15 281	16 045	16 847
Piped water inside yard (but not in dwelling)	5 115	5 115	5 639	5 921	5 921	5 921	6 217	6 528	6 854
Using public tap (at least min.service level)	3 900	3 900	4 010	4 211	4 211	4 211	4 421	4 642	4 874
Other water supply (at least min.service level)	2 395	2 395	2 640	2 772	2 772	2 772	2 911	3 056	3 209
<i>Minimum Service Level and Above sub-total</i>	13 011 410	13 011 410	26 149	27 456	27 456	27 456	28 829	30 271	31 784
Using public tap (< min.service level)				-	-	-	-	-	-
Other water supply (< min.service level)				-	-	-	-	-	-
No water supply	186	186	205	215	215	215	226	237	249
<i>Below Minimum Service Level sub-total</i>	186	186	205	215	215	215	226	237	249
Total number of households	13 011 596	13 011 596	26 354	27 672	27 672	27 672	29 055	30 508	32 033
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	13 373	13 373	14 744	15 481	15 481	15 481	16 255	17 068	17 921
Flush toilet (with septic tank)	469	469	517	543	543	543	570	598	628
Chemical toilet	4 645	4 645	5 122	5 378	5 378	5 378	5 647	5 929	6 226
Pit toilet (ventilated)	29 718	29 718	32 765	34 403	34 403	34 403	36 123	37 930	39 826
Other toilet provisions (> min.service level)	1 014	1 014	1 117	1 173	1 173	1 173	1 231	1 293	1 358
<i>Minimum Service Level and Above sub-total</i>	49 219	49 219	54 265	56 978	56 978	56 978	59 827	62 819	65 959
Bucket toilet				-	-	-	-	-	-
Other toilet provisions (< min.service level)				-	-	-	-	-	-
No toilet provisions	1 014	1 014	1 117	1 173	1 173	1 173	1 231	1 293	1 358
<i>Below Minimum Service Level sub-total</i>	1 014	1 014	1 117	1 173	1 173	1 173	1 231	1 293	1 358
Total number of households	50 233	50 233	55 382	58 151	58 151	58 151	61 059	64 112	67 317
Energy:									
Electricity (at least min.service level)	3 049	3 049	3 361	3 529	3 529	3 529	3 706	3 891	4 085
Electricity - prepaid (min.service level)	9 149	9 149	10 086	10 590	10 590	10 590	11 120	11 676	12 260
<i>Minimum Service Level and Above sub-total</i>	12 198	12 198	13 447	14 119	14 119	14 119	14 825	15 567	16 345
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources	6 026	6 026	6 643	6 975	6 975	6 975	7 324	7 690	8 075
<i>Below Minimum Service Level sub-total</i>	6 026	6 026	6 643	6 975	6 975	6 975	7 324	7 690	8 075
Total number of households	18 224	18 224	20 090	21 095	21 095	21 095	22 149	23 257	24 420
Refuse:									
Removed at least once a week	16 550	16 550	44 000	46 200	46 200	46 200	48 510	50 936	53 482
<i>Minimum Service Level and Above sub-total</i>	16 550	16 550	44 000	46 200	46 200	46 200	48 510	50 936	53 482
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	16 550	16 550	44 000	46 200	46 200	46 200	48 510	50 936	53 482
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	67	67	13 200	13 860	13 860	13 860	14 553	15 281	16 045
Sanitation (free minimum level service)	8	8	6 000	6 300	6 300	6 300	6 615	6 946	7 293
Electricity/other energy (50kwh per household per month)	100	100	98 361	103 279	103 279	103 279	108 443	113 865	119 558
Refuse (removed at least once a week)	8	8	6 000	6 300	6 300	6 300	6 615	6 946	7 293
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	26	26	544	571	571	571	599	49	49
Sanitation (free sanitation service)	8	8	367	386	386	386	405	49	49
Electricity/other energy (50kwh per household per month)	72	72	4 200	4 410	4 410	4 410	4 631	49	49
Refuse (removed once a week)	6	6	367	386	386	386	405	49	49
Total cost of FBS provided (minimum social package)	112	112	5 478	5 752	5 752	5 752	6 040	194	194
Highest level of free service provided									
Property rates (R value threshold)			65 000	65 000	65 000	65 000	65 000	65 000	65 000
Water (kilolitres per household per month)	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	79	79	108	108	108	108	108	108	108
Electricity (kwh per household per month)	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh
Refuse (average litres per week)	62	62	78	78	78	78	78	78	78
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	30 512	30 512	346 067	819 100	819 100	819 100	819 100	860 055	903 058
Property rates (other exemptions, reductions and rebates)	76 000	76 000	181 514	614 600	614 600	614 600	614 600	645 330	677 597
Water	26 484	26 484	6 555	7 000	7 000	7 000	7 350	7 718	8 103
Sanitation	7 657	7 657	648	700	700	700	735	772	810
Electricity/other energy	72 067	72 067	48 000	50 000	50 000	50 000	50 000	50 000	50 000
Refuse	6 012	6 012	468	500	500	500	525	551	579
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	218 731	218 731	583 252	1 491 900	1 441 900	1 441 900	1 492 310	1 564 426	1 640 147

Explanatory notes to Table A10 – Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality is persistently striving to eradicate backlogs

PART 2: SUPPORTING DOCUMENTS

2.1 Overview of annual budget process

The MFMA requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. The new National Treasury Budget Regulations gives further effect to this by prescribing that the mayor of a municipality must establish a budget steering committee to assist in discharging the mayor's budget preparation responsibilities.

The Budget Steering Committee was established consisting of the following:

The Executive Mayor

MMC for finance

Chief Financial Officer

Municipal Manager

Director for Infrastructure

Manager Budget and Revenue

Director Community Services

Civil Engineer

Director Spatial and Housing

Manager Town Planner

Assistant Accountant Budget

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and Budget time schedule of the 2014/2015 budget cycle was approved by Council on 22 August 2013, 10 months before the start of the budget year in compliance with legislative directives. The Process Plan set the framework for further engagements with various stakeholders to ensure adoption of the 2014/15 IDP and Budget by the end of May 2014

In line with the above requirements, the budget process for the 2014/2015 MTREF period proceeded according to the following timeline:

January 2014: A session of the Directors investigated past performance trends of operating and capital budgets, identified budget realities going forward, and set the criteria and basis of Municipality' budget prioritization process.

28 February 2014: The council considered the 2013/2014 Mid-year Performance Assessment Review

28 February 2014: The council approved the 2013/2014 Adjustment Budget

February 2014: Budget Steering Committee meeting to discuss the departmental inputs as draft before adoption by Council

March 2014: The annual operating and capital budgets, based on the parameters and assumptions set out in the MTREF model, will be tabled at the Council meeting and the time table for budget and IDP participation was approved.

20 March 2014: The Draft Budget for 2014/2015 MTREF and Draft IDP for 2014/2015 will be tabled in Council for public consultation

April 2014: Public Consultation and acceptance of written inputs.

April 2014: Finalization of the 2014/15 MTREF Budget taking into consideration comments received from the public and other stakeholders.

29 May 2014: Tabling of the 2014/15 MTREF budget and 2014/2015 IDP to Council for consideration and approval

June 2014: Notifying the public of approved 2014/15 IDP and Budget

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which guides and informs its on-going planning, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Engaging communities/ward forums and sector organisations in obtaining their needs
- Compilation of departmental business plans including key performance indicators and targets
- Public participations process
- Compilation of the SDBIP
- The review of the performance management and monitoring processes
- Address community inputs and response to public inputs by line departments
- Tabling of draft IDP and Budget to Council

2.1.3 Financial Modelling and Key Planning Drivers

The municipality's MTREF model is annually reviewed to determine the most affordable level at which the municipality will be able to operate optimally. It sets out the economic context and assumptions that inform the compilation of the next three year's budget. In addition, sustainability forms the basis of the preparation of the operating and capital budgets.

The following key factors and planning strategies have informed the compilation of the 2014/2015 MTREF:

- Credible collection rates based on the collection achievements to date, incorporating improved anticipated for selected revenue items
- The assumption of a 100% capital expenditure implementation rate
- The need for tariff increases versus the ability of the community to pay for services
- Cash flow management strategy

2.1.4 Community Consultation

In accordance with the MFMA, the Municipal Systems Act (Act 32 of 2000) the 2014/15 MTREF and its accompanying documentation will be made public in the local newspaper and municipal website for public comment and consultation after it is tabled before Council on the 20 March 2014. The documents will be published on the municipal website and hard copies will be made available at Libraries and Municipal Building. In addition, as legislated, the draft budget documentation will be submitted in print and electronic formats to both Province and National treasury after the budget was tabled before Council. This allowed the Provincial treasury to provide views or comments on the municipality's budget, as stipulated in section 23 of the MFMA.

Ward councillors and ward committees will be utilised to facilitate the community consultation process from 31st of March 2014 to the 9th of April 2014, and normally includes 14 public briefing sessions. The dates and venues will be published on the local newspaper and on the municipality website and on average attendance of 120 will be recorded per meeting. Individual sessions will be scheduled with Representative forums and businesses and non-profit organisations

The inputs received during the community consultation process will be addressed and where considered as part of the finalisation of 2014/15 MTREF.

2.2 Overview of alignment of annual budget with Integrated Development Plan

2.2.1 Municipality aligned to National, Provincial and District Alignment

Maluti-A-Phofung development needs to be aligned with the National Provincial and District initiatives to ensure optimal impact from the combined efforts of all tiers of Government. In this regard their five critical elements:

- Efficient and effective public services (Deliver more and better services in a caring and efficient manner)
- Municipalities' role in employment creation
- Shift resources to new priorities
- Move from debate to effective implementation and decisive action and
- Work in partnership with communities, labour and business to achieve our shared objectives

2.2.2 Key demographic, economic and other assumptions

1. Demographic and economic

The Maluti-A-Phofung area covers the greater Harrismith, Kestell Intabazwe and Phuthaditjhaba. The municipality of 35 wards and covers approximately 4 421 km² in extent. Phuthaditjhaba is urban Centre of Qwaqwa and serves as the administrative head offices of Maluti-A-Phofung Municipality, surrounding Phuthaditjhaba are rural villages of Qwaqwa established on tribal land administered by land affairs. Harrismith is a service centre for the surrounding rural areas and a trading belt serving the passing N3 which links the Gauteng and KwaZulu Natal provinces. Harrismith is surrounded by Tshiame located 12 km to the west and Intabazwe, which is located 1,5 km to the north. The town is an employment center for people living in Tshiame, Intabazwe and Qwaqwa.

Kestell is a service center for surrounding agricultural oriented rural area with Thlolong as the Township. Kestell is situated along the N5 road that links Harrismith with Bethlehem. The rural areas of Maluti-A-Phofung comprise commercial farms and major nature conservation centre such as Qwaqwa National Park, Platberg, Sterkfontein Dam and the Maluti Mountain Range. The area is not only tourism attraction, but also make a big contribution in generating gross agricultural income for the whole of the Province.

The National Treasury in the Municipal Finance Management Act (MFMA) Circular Number 51, on the Municipal Budget Circular for 2011/2012 Medium Term Revenue and Expenditure Framework (MTERF) reiterates the following development priorities for municipalities and exhort the latter to do more within existing resource envelope.

- Ensuring delivery of effective services;
- Ensuring that drinking water and waste water meet the required quality standards all the time;
- Protecting the poor from the worst impacts of the economic downturn;
- Evolve performance culture where people are held accountable for their actions , accompanied by clear, measurable outcomes related to key development priorities;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation - *public* employment to support service delivery, public works using lower-skilled workers and youth development, ensuring that service providers are using labour intensive approaches, supporting labour intensive LED projects, implanting an interns programmes to provide young people with on the job-training;
- Ensuring adherence to Supply Chain Management Policy and fight corruption;
- Securing the health of municipal asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants.

Developmental Objectives and Priorities on the IDP

Following an extensive and iterative consultation processes between the elected leaders, municipal administration, communities and stakeholders the municipality has agreed to the following developmental priorities that should be achieved in the next three years. These development priorities are steeped within the overall cluster system of government.

SUSTAINABLE INFRASTRUCTURE AND SERVICES	ECONOMIC DEVELOPMENT AND JOB CREATION
Water Sanitation Electricity Waste management Roads, streets, storm-water Housing Cemeteries Telecommunication Land development	Agricultural development Tourism development Land reform Industrial development Skills development SMME development
SOCIAL DEVELOPMENT AND COMMUNITY SERVICES	GOOD GOVERNANCE AND PUBLIC PARTICIPATION
Health services Environmental management Education and training Parks , Sports and recreation services and library services Transport	Increased revenue base from rates and taxes Corporate governance Institutional transformation Community-based planning
PUBLIC SAFETY	
Disaster Management Safety and Security Traffic Control Emergency services	

TABLE 30

FS194 Maluti-a-Phofung - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Sustainable Infrastructure and Services	Water- to ensure that residents have access to portable water and; to account and manage water distribution		13 300	49 938	45 850	49 000	49 000	49 000	70 500	74 025	77 726
Sustainable Infrastructure and Services	Electricity- to manage the restructuring of electricity distribution effectively		149 109	231 585	367 293	351 728	103 728	103 728	401 728	401 815	401 906
Sustainable Infrastructure and Services	Waste water management- to provide basic level of sanitation to all residents		34 261	39 632	20 150	25 000	25 000	25 000	33 000	34 650	36 383
Sustainable Infrastructure and Services	Waste Management- to reduce illegal dumping and improve waste removal service and management of landfill sites		18 881	20 899	19 266	20 000	20 000	20 000	25 000	26 250	27 563
Sustainable Infrastructure and Services	Community Services- to raise awareness with the community on social problems occurring in their specific wards and services rendered		7	17	7	5	671	671	50	53	55
Sustainable Infrastructure and Services	Housing- to promote rental housing stock and ensure generally attractive housing stock		667	979	1 410	732	847	847	382	401	421
Good Governance and public participation	Increased revenue based from rates and taxes/Finance- to ensure proper budgetary processes and related matters are adhered to. To manage expenditure in accordance with the budget.		908 672	907 062	1 013	1 011 482	787 634	787 634	717 798	760 556	772 583
Good Governance and public participation	Corporate governance/services- to establish and maintain a well-qualified and competent personnel		105	1 161	405	200	260	260	200	210	221
Social Development and community services	Parks,Sports & Recreation- to increase access o recreational facilities and promote arts and culture in MAP		636	963	1 586	2 451	2 571	2 571	1 421	1 492	1 567
Public Safety	Emergency services/Fire - to improve response-time and efficiency of the Emergency services		105	297	245	502	502	502	252	265	278
Public Safety	Traffic Control- to improve the payment of traffic fines		484	5 057	3 104	3 400	3 400	3 400	5 377	5 646	5 928
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			1 126 227	1 257 591	460 329	1 464 500	993 613	993 613	1 255 708	1 305 361	1 324 629



TABLE 31

FS194 Maluti-a-Phofung - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective		Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Sustainable Infrastructure and Services	Water- to ensure that residents have access to portable water and; to account and manage water distribution			79 896	101 347							
Sustainable Infrastructure and Services	Electricity - to manage the restructuring of electricity distribution effectively			251 692	402 591	452 420	448 845	186 533	186 533	473 021	478 072	483 375
Sustainable Infrastructure and Services	Waste water management- to provide basic level of sanitation to all residents											
Sustainable Infrastructure and Services	Waste Management- to reduce illegal dumping and improve waste removal service and management of landfill sites			25 319	27 816	40 568	50 000	47 237	47 237	45 236	47 498	49 873
Sustainable Infrastructure and Services	Community Services- to raise awareness with the community on social problems occurring in their specific wards and services rendered			8 839	9 569	11 016	11 500	9 544	9 544	12 131	12 738	13 374
Sustainable Infrastructure and Services	Roads, Streets , storm-water- to increase the safety and access to roads			28 053	38 416	58 392	58 155	92 535	92 535	56 786	59 625	62 607
Sustainable Infrastructure and Services	Cemeteries- To provide and maintain cemeteries											
Sustainable Infrastructure and Services	Housing- to promote rental housing stock and ensure generally attractive housing stock			14 433	11 650	42 829	35 896	26 831	26 831	35 357	37 125	38 981
Sustainable Infrastructure and Services	Land Development- to develop and review the local human settlements development plan; to maintain and upgrade municipal properties			3 421	3 126	3 762	5 104	4 468	4 468	5 124	5 380	5 649
Good Governance and public participation	Increased revenue based from rates and taxes/Finance- to ensure proper budgetary processes and related matters are adhered to. To manage expenditure in accordance with the budget.			440 515	1 257 050	665 574	660 500	414 186	414 186	400 496	431 082	425 389
Good Governance and public participation	Corporate governance/services- to establish and maintain a well-qualified and competent personnel			19 081	46 017	31 501	28 000	28 871	28 871	32 394	34 014	35 714
Good Governance and public participation	Legislative Authority - to ensure effective coordination of governance processes and compliance to legislative requirements.			38 191	28 033	42 968	43 500	54 725	54 725	50 698	53 233	55 895
Good Governance and public participation	Office of the Municipal Manager- to ensure proper coordination and management of IDP and performance review			10 210	9 689	28 500	22 657	23 728	23 728	20 321	21 337	22 404
Economic Development and Job Creation	Local Economic Development- to expand the tourism sector			2 465	1 379	9 283	9 000	14 251	14 251	22 091	23 196	24 356
Social Development and community services	Parks, Sports & Recreation- to increase access o recreational facilities and promote arts and culture in MAP			18 815	24 838	28 445	29 000	34 954	34 954	40 123	42 129	44 236
Public Safety	Public Safety- to ensure the safety of all persons and increase awareness around public safety			12 649	12 347	15 698	16 813	13 392	13 392	15 182	15 941	16 738
Public Safety	Emergency services/Fire - to improve response-time and efficiency of the Emergency services			14 715	16 025	21 824	22 210	17 336	17 336	20 341	21 358	22 426
Public Safety	Disaster Management- to improve disaster management capacity at the municipality			89	88	987	1 057	235	235	507	532	559
Public Safety	Safety and Security - to create a safe and secure environment			—	6 017	7 739	10 343	12 294	12 294	8 208	8 618	9 049
Public Safety	Traffic Control- to improve the payment of traffic fines			6 735	6 834	10 424	11 921	12 492	12 492	12 692	13 327	13 993
Allocations to other priorities												
Total Expenditure				975 118	2 002 832	1 471 929	1 464 500	993 613	993 613	1 250 708	1 305 205	1 324 618

TABLE 32

FS194 Maluti-a-Phofung - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Sustainable Infrastructure and Services	Water- to ensure that residents have access to portable water and; to account and manage water distribution	A	116 375	113 165	101 701	94 517	91 230	91 230	75 448	62 951	105 000
Sustainable Infrastructure and Services	Electricity - to manage the restructuring of electricity distribution effectively	B	10 807	53 919	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Sustainable Infrastructure and Services	Waste water management- to provide basic level of sanitation to all residents	C	7 145	56 055	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Sustainable Infrastructure and Services	Community Services- to raise awareness with the community on social problems occurring in their specific wards and services rendered	E	1	14 349	15 606	16 882	16 418	16 418	15 474	4 881	–
Sustainable Infrastructure and Services	Roads, Streets , storm-water- to increase the safety and access to roads	F	255 431	53 813	57 509	25 485	29 922	29 922	40 075	69 659	20 000
Sustainable Infrastructure and Services	Cemeteries- To provide and maintain cemeteries	G									
Sustainable Infrastructure and Services	Housing- to promote rental housing stock and ensure generally attractive housing stock	H				4 000	2 225	2 225			
Sustainable Infrastructure and Services	Land Development- to develop and review the local human settlements development plan; to maintain and upgrade municipal properties	I	82 058	33 916	23 000	23 000	–	–	34 500	40 000	27 000
Good Governance and public participation	Corporate governance/services- to establish and maintain a well-qualified and competent personnel		36 703	1 545							
Good Governance and public participation	Community based planning- to ensure long-term planning and knowledge management and efficient coordination of service delivery		–	4 645	90 432	80 432	5 432	5 432	5 772	6 119	6 200
Good Governance and public participation	Legislative Authority- to ensure effective coordination of governance processes and compliance to legislative requirements.		7 067	18 991			101 000	101 000	5 000		
Social Development and community services	Parks,Sports & Recreation- to increase access o recreational facilities and promote arts and culture in MAP		–	14 260	26 233	26 515	22 206	22 206	20 325	16 000	27 800
Public Safety	Public Safety - to ensure the safety of all persons and increase awareness around public safety	K	3 787	–							
Allocations to other priorities											
Total Capital Expenditure			519 374	364 658	418 068	397 133	438 258	438 258	288 309	256 224	273 034

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, The municipality has developed and implemented a performance system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budget, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

TABLE 33

FS194 Maluti-a-Phofung - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
MUNICIPAL INFRASTRUCTURE		21.0%	21%	30	30	30	45	60	63	
Function 1 - ROADS										
Sub-function 1 - Roads Construction										
new roads to be constructed	kilometer	32.0%	32%	70	70	70	85	90	80	
eradication of backlogs										
Sub-function 2 - Roads maintenance										
resurfacing	kilometer	15.0%	15%	10000	10000	10000	10000	6000	15000	
eradication of backlogs										
Sub-function 3 - VIP Toilets										
26000 VIP Toilets	number of households	15.0%	15%	909	909	909	2000	2000	2000	
eradication of backlogs										
Function 2 - Electricity										
Sub-function 1 - Connections										
7898 electricity connections	meters			232	232	232	45	60	60	
eradication of backlog by 4 909										
Sub-function 2 - Provide public										
New street lights	wards			53	53	53	30	40	40	
eradication of backlogs										
Sub-function 3 - Provide public										
High mast lights	wards			65%	65%	65%	80%	100%	100%	
eradication of backlogs										
Sub-function 4 - Provide public lighting										
Electricity repairs and maintenance	repaired	57.0%	1	32 196	32 196	32 196	11 902	11 902	12 000	
eradication of backlogs										
Sub-function 5 - Refuse										
56 000 refuse collection	number of households	12.0%	0	4 589	4 589	4 589	3 192	1 264	1 264	
eradication of backlogs										
Sub-function 6 - Water										
9042 of water connections	number of households									
eradication of backlogs										
FINANCE		20.0%	20.0%	40.0%	40.0%	40.0%	30.0%	20.0%	20.0%	
Function 1 - Revenue Management										
Sub-function 1 - Electricity meter										
Connection of Smart meter	meters	5.0%	5.0%	30.0%	30.0%	30.0%	20.0%	15.0%	15.0%	
revenue enhancement										
Sub-function 2 - Water meter										
Connection of Smart meter	meters									
revenue enhancement										
PUBLIC SAFETY, ROADS AND TRANSPORT				45	45	45	0	0	0	
Municipal transformation and organisational										
To increase personnel				35	35	35	0	0	0	
to employ staff	number of staff to be									
to increase municipal fleet										
purchases of fleet	No. of fleet to be			220	220	220	200	150	150	
Infrastructure development and services										
To create a safe environment				9	9	9	8	7	6	
Reduction of roads accidents	No. of scholar patrol to			35	35	35	20	15	20	
To accelerate the delivery of Infrastructure										
Roads pavement	kilometer									
Re-ravelling of roads with storm water	kilometer									
enhance municipal access roads				4	4	4	0	0	0	
PARKS, SPORTS AND RECREATION										
Arts and culture										
Creating new parks	No. of parks			2	2	2	3	2	1	
HUMAN SETTLEMENTS & TRADITIONAL										
To eradicate the informal settlements										
to eradicate illegal structures	no. of informal settlements			3	3	3	2	1	1	
To fence the municipal townlands										
to increase safety and security in towns	no. of commonages			75	75	75	75	100	100	
To enforce and update the Land Use process town planning applications										
no. of planning				2500	2500	2500	1000	1000	500	
To plan and survey 2000 erven in Rural										
formalise rural areas	No. of formally									

TABLE 34

FS194 Maluti-a-Phofung - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.2%	0.4%	1.5%	1.6%	0.7%	0.7%	0.9%	0.9%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.0%	1.5%	2.0%	2.1%	1.1%	1.1%	1.3%	1.4%	1.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	24.6%	55.8%	-7.5%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.0	0.8	1.4	2.7	1.2	1.2	1.1	1.1	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.8	1.4	2.7	1.2	1.2	1.1	1.1	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.6	0.2	0.6	0.6	0.4	0.4	0.4
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		166.8%	95.4%	43.7%	66.5%	65.1%	0.0%	79.0%	78.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		165.9%	95.0%	43.6%	66.3%	64.7%	64.7%	78.8%	78.5%	80.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	38.5%	22.5%	15.7%	14.6%	17.5%	17.5%	14.6%	14.7%	15.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		1164.3%	1471.3%	6220.2%	51.8%	1165.7%	1165.7%	4743.5%	3842.4%	1758.3%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.0%	26.9%	14.9%	16.8%	24.5%	24.5%	21.3%	21.5%	22.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.1%	28.9%	16.6%	18.4%	26.6%	26.6%	23.9%	24.1%	25.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.6%	6.2%	7.6%	6.3%	11.7%	11.7%	6.3%	6.4%	6.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	50.0%	36.5%	22.1%	24.4%	15.4%	15.4%	12.4%	13.6%	12.5%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	186.4	76.8	64.6	183.9	183.9	183.9	112.2	109.9	111.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	61.6%	37.1%	34.8%	30.9%	41.8%	41.8%	24.0%	24.7%	25.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.3	0.2	0.0	1.3	0.3	0.3	0.1	0.1	0.2

Performance indicators and benchmarks

1. *Borrowing Management*

The Municipality's capital expenditure is funded from two sources, namely, National government grants and internally generated funds. The Municipality's borrowing if it intends on taking a loan will be done in terms of chapter 6 of the MFMA, where a long term loan will only be entered into if it's affordable and sustainable. Currently the source of funding is as stated above.

The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- Capital charges to operating expenditure are the measure of the cost of borrowing in relation to the operating expenditure. This ratio averages 1.5% over the 2013/14 MTREF which indicates that the Municipality spends an average of 0,9% of its operating expenditure budget annually on finance charges, which is considered feasible and sustainable.
- Borrowing funding as a ratio of own capital expenditure reflects the degree to which own capital expenditure (excluding grants and contributions) has been funded by surplus of the current financial year. However the ratio averages 1,4% over the 2014/15 MTREF.

2. *Safety of Capital*

- The debt equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- The gearing ratio is a measure of the total long term borrowings over funds and reserves.

3. *Liquidity*

- Current ratio measures the extent which current assets cover current liabilities. It is preferable that the ratio is at least above one. This ratio for the Municipality averages 1,1% over the 2014/15 MTREF.
- The liquidity ratio is a measure of the ability of the Municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally a municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. This ratio for the Municipality averages 1,1% over the 2014/15 MTREF.

4. *Revenue Management*

- The municipality has implemented a debt relief strategy actions are carried out against debtors who are in arrears, and loyal customers.
- The Municipality has provided an affordable payment plan for debtors to offset their arrears, where compliance with the payment plan leads to the suspension of all debt management actions and interest being raised.
- Debtors who are experiencing difficulties in paying their accounts are given options to either register as indigent or make affordable arrangements.

5. *Creditors Management*

- In compliance with Section 65 of the Municipal Finance Management Act (MFMA), the Municipality has continuously managed to ensure that all its creditors are settled within 30 days of invoice or statement in all cases where goods and services are rendered timeously and in good condition.

2.4 Overview of budget-related policies

The following budget related policies have been approved by Council and is available on the Municipality's website. The following policies have been used as basis for the preparation of the annual budget and are reviewed as listed on Annexure 4 of the budget document.

A) TARIFF POLICY

- The Municipal System Act (section 74) requires Council to adopt a Tariff Policy. The general financial management functions as stated in section 62(1) (f) of the MFMA also states that the municipality must have and implement the policy, when determining this policy specific legislation applicable to each service has been taken into consideration.

B) CREDIT CONTROL POLICY

- This policy has been formulated in terms of section 96(b) and 98 of the Local Government: Municipal Systems Act, 2000.

C) RATES POLICY

- This policy is formulated in terms of section 3 of the MPRA

D) SUPPLY CHAIN POLICY

- Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. This policy is attached in Annexure 5. This policy is under review

E) INDIGENT POLICY

- The objective of this policy is to assist households which are not able to service their municipal accounts as and when they are due and payable, as result of local economic, social and environmental challenges other than through negligence or unwillingness to pay.

F) BUDGET POLICY

- The budget policy aims to develop, maintain processes required in developing a municipality budget and detailing the responsibilities of all stakeholders inclusive of the accounting officer, the council, the public through public participation programmes. The most preferred method of budgeting is the "Zero based" budgeting system.

G) CASH AND INVESTMENT POLICY

- The investment Policy, which deals with the management of the municipality's surplus cash resources and the investment thereof.

H) ASSET MANAGEMENT POLICY

- Asset management is the responsibility of the accounting officer at Maluti-A-Phofung Local municipality in line with the National Treasury regulation (Regulation 10.1), the Municipal systems act, Municipal Finance Management Act and prescriptions of corporate Governance.

I) BORROWING POLICY

- The borrowing policy aims to facilitate the Council's long-term and short-term borrowing of funds both externally and internally at the minimum rate of interest obtainable in the money market for the applicable term at the time of drawdown; and to ensure that all borrowings are in accordance with legislative requirements.

2.5 Overview of Budget Assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 2.3 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2014 will be 3.6 per cent rising to 4.6 per cent by 2015.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/2015 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increases in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2014/2015 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/2015 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household information growth rate and the poor household change rate.

Household information is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household information rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred from servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages expires in 2014/15 financial year so we are still continuing the agreement therefore 7 per cent was used to compile the 2014/15 budget.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving health services;
- Rural development and agriculture; and
- Fighting crime and corruption

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 87 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/2015 MTREF of which performance has been factored into the cash flow budget.

The budget formats were designed to achieve the following specific aims:

1. Strengthen the links between transparencies, understand ability and accountability. The budget formats provides these links by : requiring that the information covering seven years be presented consisting of the previous three financial years, the current year, the budget year and the following two Medium Term Revenue and Expenditure Framework (MTREF) years
2. Ensuring consistency between budget and reporting formats (Monthly, midyear performance assessment , SDBIP and the reports relating to municipal entities)
3. Promote ' good practice' in municipal financial reporting
4. Promote transparent reporting of tariffs and fees/charges information
5. Ensure compliance with DoRA reporting requirements
6. Ensure the information is available to: determine the financial status and sustainability of municipalities

The preparation of annual budget for the 2014/2015 financial year shall be informed by the following:

- Annual IDP of the Municipality,
- Actual results for 2012/2013 financial year,
- Approved budget 2013/2014
- Expected results for 2014/2015 financial year
- The departmental operational plans to be prepared by the various Heads of the Departments.
 - They are more uneconomical inhabitant in the area, which makes the area nodal and require more economic attention since there are lot of indigent households spread all over the area of Qwaqwa and including farms

2.6 Overview of budget funding

2.6.1 Breakdown of operating revenue over the medium term

TABLE 35

Description	Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/2015		Budget Year +1 2015/2016		Budget Year +2 2016/2017	
	R'000	%	R'000	%	R'000	%
Rates & Taxes	204 500	16%	214 725	16%	225 461	17%
Service charges	528 500	42%	534 925	41%	541 671	41%
Interest revenue	32 000	3%	33 600	3%	35 280	3%
Transfers recognised - operational	403 188	32%	458 965	35%	468 413	35%
Other own revenue	87 520	7%	63 146	5%	53 804	4%
TOTAL OPERATING REVENUE	1 255 708	100%	1 305 361	100%	1 324 629	100%

Revenue to be generated from property rates is R204 million in the 2014/15 financial year and increases to R214 million by 2015/16 and R 225 million by 2016/17 which represents an average of 16 per cent of the operating revenue base of the municipality. It remains relatively constant over the medium-term. In addition there are still outstanding objections, although significant progress was made in dealing with these objections during the current financial year 2012/13 financial year the process was be concluded by the end of 2014. Supplementary valuation process is in progress as from the 01 April 2013.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R528 million for the 2014/15 financial year and increasing to R542 million by 2016/17. For the 2014/15 financial year services charges amount to 30 per cent of the total revenue base and grows by 5 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and other tariff charges.

Operational grants and subsidies amount to R403 million, R459 million and R468 million for each of the respective financial years of the MTREF, or 32, 35 and 35 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 13,8 per cent and 2,1 per cent for 2016/2017.

Investment revenue contributes to 3% of the total operating amounting to R32 million, R33,6 million and R35,2 million for the respective three financial years of the 2014/15 MTREF.

The tables below provide detail investment information and investment particulars by maturity.

TABLE 36

FS194 Maluti-a-Phofung - Supporting Table SA15 Investment particulars by type

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	27 706	26 402	28 402	28 038					
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	27 706	26 402	28 402	28 038	-	-	-	-	-
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	27 706	26 402	28 402	28 038	-	-	-	-	-

TABLE 37

FS194 Maluti-a-Phofung - Supporting Table SA15 Investment particulars by type

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	27 706	26 402	28 402	28 038					
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	27 706	26 402	28 402	28 038	-	-	-	-	-
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	27 706	26 402	28 402	28 038	-	-	-	-	-

2.6.2 Breakdown of the capital revenue for MTREF

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital Funding:

TABLE 38

2014/15 Medium Term Revenue & Expenditure Framework								
CAPITAL GRANTS	Adjusted Budget	%	Budget Year 2014/2015	%	Budget Year +2 2015/16	%	Budget Year +2 2016/17	%
Funded by:								
National Government	289 258	100%	253 309	100%	256 224	100%	273 034	100%
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	289 258	66%	253 309	88%	256 224	100%	273 034	100%
Public contributions & donations								
Borrowing	98 000	22%		0%				
Internally generated funds	51 000	12%	35 000	12%				
Total Capital Funding	438 258	100%	288 309	100%	256 224	100%	273 034	100%

Capital grants and receipts from national government equals to 66 per cent of the total funding source which represents R289.2 million for the 2014/15 financial year and decreases to R253.3 million or 88 per cent by 2015/16 but increases to 273 million by 2016/17. Decrease relating to grant receipts is 12, and increases by 6.6 per cent over the medium-term.

Grants from national sources still remain a significant funding source for the 2014/15 to 2016/17 Capital Budget.

The following table is a detailed analysis of the municipality's borrowing

TABLE 39

FS194 Maluti-a-Phofung - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality									
Long-Term Loans (annuity/reducing balance)	12 913	21 315	98 000	98 000	98 000	98 000			
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	12 913	21 315	98 000	98 000	98 000	98 000	-	-	-
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	12 913	21 315	98 000	98 000	98 000	98 000	-	-	-
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	-	-	-	-	-	-	-	-	-
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	-	-	-	-	-	-	-	-	-

TABLE 40

FS194 Maluti-a-Phofung - Supporting Table SA18 Transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
Operating Transfers and Grants									
National Government:	279 968	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Local Government Equitable Share	267 075	305 453	338 076	361 770	361 770	361 770	392 154	450 848	465 695
Finance Management	1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement	749	790	800	890	890	890	934	967	1 018
Water Services Operating Subsidy	10 944	7 661	7 661	5 000	5 000	5 000	8 500	5 500	-
Other transfers/grants [insert description]									
Provincial Government:	5 753	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	5 753	-							
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Capital Transfers and Grants									
National Government:	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Municipal Infrastructure Grant (MIG)	129 207	169 357	207 842	197 323	197 323	197 323	166 047	158 624	166 034
Regional Bulk Infrastructure	53 312	71 782	63 620	32 600	49 500	49 500	30 896	32 600	55 000
DoE- Intergrated National Electrification Progra	9 370	39 598	10 000	20 000	20 000	20 000	17 000	25 000	25 000
Expanded Public Works Incentive Programme	-	7 797	13 106	10 210	10 210	10 210	4 866		
Rural Households Infrastructure				4 000	2 225	2 225	4 500	5 000	
DWA-Fika Patso, EDMG; Schoonplatz human	90		3 000	5 000	10 000	10 000	30 000	35 000	27 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
TOTAL RECEIPTS OF TRANSFERS & GRANTS	477 700	603 888	645 605	638 343	658 468	658 468	656 497	715 189	741 447

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other 'to be provided for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue ; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

TABLE 41

FS194 Maluti-a-Phofung - Table A7 Budgeted Cash Flows

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	623 446	527 073	471 892	724 857	402 774	402 774	670 520	662 796	690 936
Government - operating	285 721	315 354	348 007	369 210	369 210	369 210	403 188	458 965	468 413
Government - capital	201 986	288 534	284 569	260 133	287 358	287 358	253 309	255 724	273 034
Interest	7 568	2 018	1 903	1 800	1 800	1 800	2 000	2 100	2 205
Dividends					-	-			
Payments									
Suppliers and employees	(597 590)	(816 546)	(834 465)	(949 000)	(671 715)	(671 715)	(991 208)	(1 022 155)	(1 054 666)
Finance charges	(5 066)	(8 419)	(8 919)	(8 000)	(3 000)	(3 000)	(6 000)	(6 300)	(6 615)
Transfers and Grants	-	-		(80 000)	(80 000)	(80 000)	(88 500)	(89 500)	(88 200)
NET CASH FROM/(USED) OPERATING ACTIVITIES	516 065	308 015	262 987	319 000	306 427	306 427	243 309	261 630	285 108
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	4 714	41 698		43 783	-	-			
Decrease (Increase) in non-current debtors	-	-		-	-	-			
Decrease (increase) other non-current receivable	3 369	2 446	1 396	2 568	2 568	2 568	1 466	1 540	1 617
Decrease (increase) in non-current investments			(873)		-	-			
Payments									
Capital assets	(519 374)	(364 658)	(276 388)	(269 133)	(289 258)	(289 258)	(253 309)	(256 224)	(273 034)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(511 291)	(320 514)	(275 864)	(222 782)	(286 690)	(286 690)	(251 843)	(254 684)	(271 417)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing	10 845	11 456	5 047	12 029	-	-			
Increase (decrease) in consumer deposits									
Payments									
Repayment of borrowing	(6 251)	(39)	(5 344)	(15 000)	(4 155)	(4 155)	(5 500)	(5 500)	(5 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	4 594	11 418	(297)	(2 971)	(4 155)	(4 155)	(5 500)	(5 500)	(5 500)
NET INCREASE/ (DECREASE) IN CASH HELD	9 368	(1 081)	(13 175)	93 248	15 582	15 582	(14 034)	1 446	8 190
Cash/cash equivalents at the year begin:	8 220	17 588	16 507	3 332	3 332	3 332	18 914	4 881	6 327
Cash/cash equivalents at the year end:	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517

2.6.4 Cash backed reserves/accumulated surplus reconciliation

The following table meets the requirements of the MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 Of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall

A surplus would indicate the cash backed accumulated surplus that was/is available. A shortfall (applications>cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Noncompliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

TABLE 42

FS194 Maluti-a-Phofung - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available									
Cash/cash equivalents at the year end	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517
Other current investments > 90 days	802	802	134 266	(82 070)	126 834	112 734	107 961	107 157	100 641
Non current assets - Investments	-	-	300	315	0	0	0	0	0
Cash and investments available:	18 390	17 309	137 898	14 825	145 749	131 649	112 842	113 484	115 158
Application of cash and investments									
Unspent conditional transfers	17 347	8 086	10 280	8 490	8 854	8 854	9 297	9 761	10 250
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(150 556)	64 669	113 226	(85 537)	116 222	116 222	98 095	103 593	104 290
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	(133 209)	72 754	123 507	(77 047)	125 076	125 076	107 392	113 354	114 540
Surplus(shortfall)	151 599	(55 445)	14 392	91 872	20 673	6 573	5 450	129	618

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below:

TABLE 43

FS194 Maluti-a-Phofung Supporting Table SA10 Funding measurement

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	17 588	16 507	3 332	96 580	18 914	18 914	4 881	6 327	14 517
Cash + investments at the yr end less applications - R'000	18(1)b	151 599	(55 445)	14 392	91 872	20 673	6 573	5 450	129	618
Cash year end/monthly employee/supplier payments	18(1)b	0.3	0.2	0.0	1.3	0.3	0.3	0.1	0.1	0.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	38.8%	16.5%	(0.7%)	(44.2%)	(6.0%)	77.0%	(3.7%)	(3.7%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	165.9%	95.0%	43.6%	66.3%	64.7%	64.7%	78.8%	78.5%	80.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	17.9%	19.5%	10.8%	8.5%	2.9%	2.9%	2.0%	2.1%	2.2%
Capital payments % of capital expenditure	18(1)c,19	100.0%	100.0%	120.1%	67.8%	66.0%	66.0%	87.9%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	24.6%	55.8%	(7.5%)	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(12.7%)	15.1%	(6.6%)	(16.2%)	0.0%	5.0%	5.0%	5.0%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(8.4%)	0.0%	25.8%	(55.1%)	0.0%	5.0%	5.0%	5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.5%	1.4%	2.5%	2.2%	2.7%	2.7%	1.7%	1.7%	1.7%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	39.2%	20.2%	6.7%	6.7%	0.9%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		10.7%	(7.8%)	3.8%	0.0%	0.0%	25.0%	5.0%	5.0%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very likely to meet the MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows a positive R4,8 million, R6,3 million and R14,5 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality applies its available cash and investments. In the Municipality's case, the total of cash plus investment, less applications, is more than the commitments for each corresponding year the 2014/15 MTREF, which shows that the Municipality can afford its commitments in the medium term. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress (i.e. the number of times that average monthly payments are covered) from a collection and cash in-flow perspective. This ratio is positive over the 2014/15 MTREF period, which shows that adequate provision in respect of the monthly payment coverage has been made. The municipal's view is that one months' provision is sufficient.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/2015 MTREF the indicative outcome is a surplus of R 258.3 million, R256.3 million and R273 million which means forecast tariffs and taxes are sufficient, implying that the community is making an adequate contribution to the economic benefits they receive.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to test whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. At 77%, -3.7% and -3.7% for the three MTREF years the ratio for 2014/15 is higher than the National Treasury CPI targets and outer years are lower than the targets.

The increase and decrease for 2014/15 MTREF can be substantiated by investigating the revenue increase relating to the following services charges:

- Rates – In the context of the economic environment in which the budget was compiled, the rates revenue increase was set at 0%.
- Electricity – To ensure affordability, the electricity revenue parameter was set 7.36% according to the proposed increase by NERSA then for outer years it 5% respectively over the MTREF period.
- Water – The revenue increase for water was set at 5, 5% for 2014/15 and 5% for two outer years. This increase was deemed necessary to ensure sufficient maintenance of current infrastructure and to allow for investment in new infrastructure, and the expected increase in water demand.
- Refuse removal – This revenue parameter increase was modelled at 5%. The increase is in line with CPI projections and is required to ensure continued and adequate service delivery.
- Sanitation – This revenue parameter increase was modelled at 5%. The increase is in line with CPI projections and is required to ensure continued and adequate service delivery.

2.6.5.6 Cash receipts as a percentage of ratepayers and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 78,8% for 2014/15, 78.5% for 2015/16 and 80.9% for 2016/2017. Given that the assumed collection rate was based on the 100 per cent performance target, the cash flow statement has been conservatively determined.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the assumption for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 2.1% per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 87,9% per cent timing discount has been factored into the cash position forecasted in 2014/2015 financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Extremely funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0% per cent of own funded capital for the 2014/15 financial year.

2.6.5.10 Transfers/grants revenue as percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor, the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtor's accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to assess repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets

2.7 Expenditure on allocations and grant programmes

TABLE 44

FS194 Maluti-a-Phofung - Supporting Table SA18 Transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
Operating Transfers and Grants									
National Government:	279 968	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Local Government Equitable Share	267 075	305 453	338 076	361 770	361 770	361 770	392 154	450 848	465 695
Finance Management	1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement	749	790	800	890	890	890	934	967	1 018
Water Services Operating Subsidy	10 944	7 661	7 661	5 000	5 000	5 000	8 500	5 500	-
Other transfers/grants [insert description]									
Provincial Government:	5 753	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	5 753	-							
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Capital Transfers and Grants									
National Government:	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Municipal Infrastructure Grant (MIG)	129 207	169 357	207 842	197 323	197 323	197 323	166 047	158 624	166 034
Regional Bulk Infrastructure	53 312	71 782	63 620	32 600	49 500	49 500	30 896	32 600	55 000
DoE- Integrated National Electrification Progra	9 370	39 598	10 000	20 000	20 000	20 000	17 000	25 000	25 000
				-	-	-			
Expanded Public Works Incentive Programmr	-	7 797	13 106	10 210	10 210	10 210	4 866		
Rural Households Infrastructure				4 000	2 225	2 225	4 500	5 000	
DWA-Fika Patso, EDMG; Schoonplatz human	90		3 000	5 000	10 000	10 000	30 000	35 000	27 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
TOTAL RECEIPTS OF TRANSFERS & GRANTS	477 700	603 888	645 605	638 343	658 468	658 468	656 497	715 189	741 447

TABLE 45

FS194 Maluti-a-Phofung - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	279 968	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Local Government Equitable Share	267 075	305 453	338 076	361 770	361 770	361 770	392 154	450 848	465 695
Finance Management	1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement	749	790	800	890	890	890	934	967	1 018
Water Services Operating Subsidy	10 944	7 661	7 661	5 000	5 000	5 000	8 500	5 500	-
Other transfers/grants [insert description]									
Provincial Government:	5 753	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	5 753								
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total operating expenditure of Transfers and Grants	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Capital expenditure of Transfers and Grants									
National Government:	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Municipal Infrastructure Grant (MIG)	129 207	169 357	207 842	197 323	197 323	197 323	166 047	158 624	166 034
Regional Bulk Infrastructure	53 312	71 782	63 620	32 600	49 500	49 500	30 896	32 600	55 000
DoE- Integrated National Electrification Programme	9 370	39 598	10 000	20 000	20 000	20 000	17 000	25 000	25 000
Expanded Public Works Incentive Programme	-	7 797	13 106	10 210	10 210	10 210	4 866		
Rural Households Infrastructure				4 000	2 225	2 225	4 500	5 000	
DWA-Fika Patso, EDMG; Schoonplatz human	90		3 000	5 000	10 000	10 000	30 000	35 000	27 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	191 979	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	477 700	603 888	645 605	638 343	658 468	658 468	656 497	715 189	741 447

TABLE 46

FS194 Maluti-a-Phofung - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Conditions met - transferred to revenue	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	285 721	315 354	348 037	369 210	369 210	369 210	403 188	458 965	468 413
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	201 986	288 534	297 568	269 133	289 258	289 258	223 309	221 224	246 034
Conditions met - transferred to revenue	201 986	288 534	297 568	269 133	289 258	289 258	223 309	221 224	246 034
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts							30 000	35 000	27 000
Conditions met - transferred to revenue	-	-	-	-	-	-	30 000	35 000	27 000
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	201 986	288 534	297 568	269 133	289 258	289 258	253 309	256 224	273 034
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	487 707	603 888	645 605	638 343	658 468	658 468	656 497	715 189	741 447
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

Allocations and grants made by the municipality

TABLE 47

FS194 Maluti-a-Phofung - Supporting Table SA21 Transfers and grants made by the municipality

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Transfers to other municipalities									
<i>Insert description</i>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms									
<i>Water Subsidy</i>			7 661	5 000	5 000	5 000	8 500	5 000	
<i>Water Free basic Entity</i>			70 062	75 000	75 000	75 000	80 000	84 500	88 200
Total Cash Transfers To Entities/Ems'	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Cash Transfers to other Organs of State									
<i>Insert description</i>									
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations									
<i>Insert description</i>									
Total Cash Transfers To Organisations	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals									
<i>Insert description</i>									
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Non-Cash Transfers to other municipalities									
<i>Insert description</i>									
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms									
<i>Insert description</i>									
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State									
<i>Insert description</i>									
Total Non-Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations									
<i>Insert description</i>									
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-
Groups of Individuals									
<i>Insert description</i>									
Total Non-Cash Grants To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200

2.8 Councillors and employee benefits

TABLE 48

FS194 Maluti-a-Phofung - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	10 139	11 641	24 447	5 174	5 582	5 582	5 991	6 291	6 605
Pension and UIF Contributions	1 334	1 460	43	1 843	1 787	1 787	1 885	1 979	2 078
Medical Aid Contributions	413	322	4	1 351	259	259	286	301	316
Motor Vehicle Allowance	3 882	3 373	142	3 176	2 625	2 625	3 258	3 421	3 592
Cellphone Allowance	887	863	35	500	1 030	1 030	1 514	1 590	1 670
Housing Allowances									
Other benefits and allowances	853	-	-	11 956	9 716	9 716	9 165	9 624	10 105
Sub Total - Councillors	17 508	17 659	24 670	24 000	21 000	21 000	22 100	23 205	24 365
% increase		0.9%	39.7%	(2.7%)	(12.5%)	-	5.2%	5.0%	5.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 697	5 332	6 758	5 574	5 377	5 377	6 489	6 784	7 123
Pension and UIF Contributions	1 797	1 613	409	666	898	898	925	972	1 020
Medical Aid Contributions	-	-	176	223	140	140	224	235	247
Overtime									
Performance Bonus									
Motor Vehicle Allowance	-	-	1 135	1 710	1 762	1 762	1 571	1 650	1 732
Cellphone Allowance	-	-	138	172	161	161	153	161	169
Housing Allowances							106	111	117
Other benefits and allowances	706	71	-		100	100	180	189	199
Payments in lieu of leave	-	-	220	336	620	620	437	458	481
Long service awards	-	-	225	197	132	132	153	161	169
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	7 200	7 016	9 060	8 877	9 189	9 189	10 238	10 721	11 257
% increase		(2.6%)	29.1%	(2.0%)	3.5%	-	11.4%	4.7%	5.0%
Other Municipal Staff									
Basic Salaries and Wages	135 698	162 891	140 316	165 753	155 979	155 979	176 388	185 207	194 467
Pension and UIF Contributions	16 632	19 244	23 648	27 282	27 315	27 315	31 853	33 446	35 118
Medical Aid Contributions	13 355	14 760	7 264	8 824	8 145	8 145	11 700	12 285	12 899
Overtime	11 401	16 778	8 651	7 554	14 638	14 638	12 736	13 373	14 042
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	2 898	2 876	5 083	5 587	6 219	6 219	8 871	9 315	9 781
Cellphone Allowance	201	268	751	631	667	667	847	890	934
Housing Allowances	460	516	2 360	1 684	737	737	1 480	1 554	1 632
Other benefits and allowances	9 169	10 286	12 383	15 895	2 903	2 903	5 093	5 348	5 615
Payments in lieu of leave	2 511	1 085	841	925	15 230	15 230	16 536	17 363	18 231
Long service awards			3 435	2 420	1 952	1 952	2 354	2 472	2 595
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	192 325	228 702	204 730	236 555	233 786	233 786	267 859	281 252	295 315
% increase		18.9%	(10.5%)	15.5%	(1.2%)	-	14.6%	5.0%	5.0%
Total Parent Municipality	217 033	253 377	238 461	269 432	263 975	263 975	300 197	315 178	330 937
		16.7%	(5.9%)	13.0%	(2.0%)	-	13.7%	5.0%	5.0%



FS194 Maluti-a-Phofung - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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TABLE 50

FS194 Maluti-a-Phofung - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	68	14	54	65	11	54			
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	8		8	6		6			
Other Managers	26	26	-	25	25				
Professionals	1 085	1 030	55	1 115	1 037	79	-	-	-
<i>Finance</i>	62	45	17	103	46	57			
<i>Spatial/town planning</i>	48	40	8	46	46	1			
<i>Information Technology</i>	6	5	1	5	5				
<i>Roads</i>	112	109	3	110	110				
<i>Electricity</i>	64	64	-	49	49				
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>	271	271	-	269	269				
<i>Other</i>	522	496	26	533	512	21			
Technicians	-	-	-	-	-	-	-	-	-
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>									
Clerks (Clerical and administrative)									
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators									
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	1 187	1 070	117	1 211	1 073	139	-	-	-
% increase				2.0%	0.3%	18.8%	(100.0%)	(100.0%)	(100.0%)
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

2.9 Monthly targets for revenue, expenditure and cash flow

TABLE 51

FS194 Maluti-a-Phofung - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source															
Property rates	1 430	2 767	4 970	14 796	51 772	2 444	18 570	36 738	1 184	15 401	16 750	37 679	204 500	214 725	225 461
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	13 026	16 837	6 072	8 511	4 564	5 765	2 426	2 326	13 592	7 882	15 060	303 939	400 000	400 000	400 000
Service charges - water revenue	2 600	1 800	1 400	2 600	2 400	1 700	2 300	1 800	1 300	3 500	4 100	45 000	70 500	74 025	77 726
Service charges - sanitation revenue	980	1 200	800	1 200	1 300	900	1 158	1 500	1 240	2 077	2 083	18 562	33 000	34 650	36 383
Service charges - refuse revenue	600	569	579	750	550	450	614	584	473	747	850	18 234	25 000	26 250	27 563
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	80	30	45	37	98	200	28	65	100	58	150	730	1 621	1 702	1 787
Interest earned - external investments	50	66	420	120	145	159	43	70	51	63	43	770	2 000	2 100	2 205
Interest earned - outstanding debtors	82	154	285	3 825	58	7 403	985	624	1 979	4 296	1 912	8 398	30 000	31 500	33 075
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	67	50	56	45	150	300	40	91	50	3	68	2 580	3 500	3 675	3 859
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	200 736	-	-	2 125	117 646	-	2 125	-	78 431	2 125	-	-	403 188	458 965	468 413
Other revenue	317	274	50 230	529	543	400	2 213	2 150	2 600	1 524	800	20 820	82 399	57 769	48 158
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	219 969	23 747	64 857	34 539	179 227	19 720	30 502	45 947	100 999	37 675	41 816	456 711	1 255 708	1 305 361	1 324 629
Expenditure By Type															
Employee related costs	20 534	21 545	21 753	20 143	21 035	21 646	21 845	21 549	21 934	21 449	21 521	32 904	267 859	281 252	295 315
Remuneration of councillors	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	2 736	22 100	23 205	24 365
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	15 000	15 000	15 750	16 538
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	150 000	150 000	171 500	158 600
Finance charges	-	-	-	-	-	3 000	-	-	-	-	-	3 000	6 000	6 300	6 615
Bulk purchases	31 086	23 876	45 000	30 000	24 976	32 086	21 651	34 569	15 834	26 548	22 000	42 373	350 000	350 000	350 000
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	5 500	3 200	1 500	1 800	12 478	1 700	989	4 685	4 725	14 976	8 750	4 696	65 000	67 150	69 408
Transfers and grants	7 375	-	14 750	7 375	7 375	-	14 750	7 375	7 375	7 375	-	14 750	88 500	89 500	88 200
Other expenditure	3 492	3 287	7 346	23 411	7 226	18 701	7 339	17 431	29 217	26 213	24 464	118 121	286 249	300 548	315 578
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	69 748	53 668	92 110	84 489	74 850	78 894	68 335	87 370	80 846	98 323	78 495	383 580	1 250 708	1 305 205	1 324 618
Surplus/(Deficit)	150 221	(29 921)	(27 253)	(49 951)	104 377	(59 174)	(37 833)	(41 423)	20 153	(60 648)	(36 679)	73 131	5 000	156	11
Transfers recognised - capital	101 324	-	-	-	91 343	-	-	-	60 642	-	-	0	253 309	256 224	273 034
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	251 545	(29 921)	(27 253)	(49 951)	195 720	(59 174)	(37 833)	(41 423)	80 795	(60 648)	(36 679)	73 131	258 309	256 380	273 045
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	251 545	(29 921)	(27 253)	(49 951)	195 720	(59 174)	(37 833)	(41 423)	80 795	(60 648)	(36 679)	73 131	258 309	256 380	273 045

TABLE 52

FS194 Maluti-a-Phofung - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - Legislative Authority												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Corporate Services	38	-	4	6	3	4	5	50	-	-	-	91	200	210	221
Vote 4 - Budget & Treasury Office	200 581	2 784	43 865	20 374	158 811	7 544	20 682	27 004	84 613	16 953	17 196	117 391	717 798	760 556	772 583
Vote 5 - Municipal Infrastructure	15 565	17 845	18 638	9 953	15 557	8 867	6 228	15 434	13 738	16 345	18 340	270 218	426 728	428 065	429 468
Vote 6 - Community Services	1	1	5	4	15	0	0	0	-	-	-	24	50	53	55
Vote 7 - Public Safety	94	69	69	319	933	340	27	95	78	55	61	3 491	5 629	5 911	6 206
Vote 8 - Parks, Sports & Recreation	45	49	58	59	185	366	50	20	30	52	36	472	1 421	1 492	1 567
Vote 9 - LED & Tourism												-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs	65	-	19	24	22	-	52	44	-	77	-	79	382	401	421
Vote 11 - Water & Sanitation	980	1 200	800	1 200	1 300	900	1 158	1 500	1 240	2 077	2 083	18 562	33 000	34 650	36 383
Vote 12 - Water	2 600	1 800	1 400	2 600	2 400	1 700	2 300	1 800	1 300	3 500	4 100	45 000	70 500	74 025	77 726
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Revenue by Vote	219 969	23 747	64 857	34 539	179 227	19 720	30 502	45 947	100 999	39 059	41 816	455 326	1 255 708	1 305 361	1 324 629
Expenditure by Vote to be appropriated															
Vote 1 - Legislative Authority	3 351	3 372	3 993	4 364	3 489	3 489	3 880	3 436	3 475	3 462	3 783	10 605	50 698	53 233	55 895
Vote 2 - Office of the Municipal Manager	2 174	2 850	2 637	2 780	2 146	2 285	2 509	2 187	2 183	2 184	2 750	1 844	28 529	29 956	31 453
Vote 3 - Corporate Services	1 801	2 086	1 899	2 652	2 023	2 023	2 664	2 684	3 478	3 372	2 325	5 387	32 394	34 014	35 714
Vote 4 - Budget & Treasury Office	16 431	7 615	17 451	30 557	18 613	18 613	18 639	25 899	23 173	32 965	25 275	165 265	400 496	431 082	425 389
Vote 5 - Municipal Infrastructure	31 726	24 405	52 387	31 047	35 457	39 487	28 326	39 369	34 986	44 580	32 307	180 965	575 043	585 195	595 854
Vote 6 - Community Services	912	959	948	954	978	978	963	953	927	961	988	1 611	12 131	12 738	13 374
Vote 7 - Public Safety	5 417	4 379	4 068	4 122	4 205	4 205	3 960	4 980	4 186	3 044	3 417	2 739	48 723	51 159	53 717
Vote 8 - Parks, Sports & Recreation	2 842	2 458	3 360	2 918	3 123	3 123	2 853	2 689	2 869	2 568	2 359	8 961	40 123	42 129	44 236
Vote 9 - LED & Tourism	1 900	1 999	1 910	1 909	1 231	1 531	1 389	1 941	1 934	1 946	1 950	2 452	22 091	23 196	24 356
Vote 10 - Human Settlement and Traditional Affairs	3 194	3 545	3 456	3 187	3 586	3 159	3 153	3 233	3 633	3 241	3 342	3 753	40 481	42 505	44 630
Vote 11 - Water & Sanitation												-	-	-	-
Vote 12 - Water												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Expenditure by Vote	69 748	53 668	92 110	84 489	74 850	78 894	68 335	87 370	80 846	98 323	78 495	383 581	1 250 708	1 305 205	1 324 618
Surplus/(Deficit) before assoc.	150 221	(29 921)	(27 252)	(49 949)	104 376	(59 174)	(37 832)	(41 424)	20 153	(59 264)	(36 679)	71 745	5 000	156	11
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	150 221	(29 921)	(27 252)	(49 949)	104 376	(59 174)	(37 832)	(41 424)	20 153	(59 264)	(36 679)	71 745	5 000	156	11

TABLE 53

FS194 Maluti-a-Phofung - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard															
<i>Governance and administration</i>	200 619	2 784	43 869	20 380	158 814	7 548	20 687	27 054	84 613	16 953	17 196	117 382	717 898	760 661	772 693
Executive and council												-	-	-	-
Budget and treasury office	200 581	2 784	43 865	20 374	158 811	7 544	20 682	27 004	84 613	16 953	17 196	117 391	717 798	760 556	772 583
Corporate services	38	-	4	6	3	4	5	50	-	-	-	(9)	100	105	110
<i>Community and public safety</i>	140	118	132	381	1 134	705	77	115	108	107	97	4 086	7 200	7 560	7 938
Community and social services	1	1	5	4	15	0	0	0	-	-	-	124	150	158	165
Sport and recreation	45	49	58	59	185	366	50	20	30	52	36	472	1 421	1 492	1 567
Public safety	94	69	69	319	933	340	27	95	78	55	61	3 491	5 629	5 911	6 206
Housing												-	-	-	-
Health												-	-	-	-
<i>Economic and environmental services</i>	65	-	19	24	22	-	52	44	-	77	-	79	382	401	421
Planning and development	65	-	19	24	22	-	52	44	-	77	-	79	382	401	421
Road transport												-	-	-	-
Environmental protection												-	-	-	-
<i>Trading services</i>	19 145	20 845	20 838	13 753	19 257	11 467	9 686	18 734	16 278	21 922	24 523	333 780	530 228	536 740	543 577
Electricity	14 965	17 276	18 059	9 203	15 007	8 417	5 614	14 850	13 265	15 598	17 490	251 985	401 728	401 815	401 906
Water	2 600	1 800	1 400	2 600	2 400	1 700	2 300	1 800	1 300	3 500	4 100	45 000	70 500	74 025	77 726
Waste water management	980	1 200	800	1 200	1 300	900	1 158	1 500	1 240	2 077	2 083	18 562	33 000	34 650	36 383
Waste management	600	569	579	750	550	450	614	584	473	747	850	18 234	25 000	26 250	27 563
<i>Other</i>												-	-	-	-
Total Revenue - Standard	219 969	23 747	64 857	34 539	179 227	19 720	30 502	45 947	100 999	39 059	41 816	455 326	1 255 708	1 305 361	1 324 629
Expenditure - Standard															
<i>Governance and administration</i>	23 757	15 923	25 980	40 353	26 271	26 411	27 691	34 206	32 310	41 983	34 134	175 771	504 788	540 588	540 370
Executive and council	5 525	6 222	6 630	7 144	5 634	5 774	6 389	5 623	5 658	5 646	6 533	5 488	72 266	75 880	79 674
Budget and treasury office	16 431	7 615	17 451	30 557	18 613	18 613	18 639	25 899	23 173	32 965	25 275	165 265	400 496	431 082	425 389
Corporate services	1 801	2 086	1 899	2 652	2 023	2 023	2 664	2 684	3 478	3 372	2 325	5 018	32 025	33 627	35 308
<i>Community and public safety</i>	10 176	8 330	9 110	8 488	8 779	8 846	8 115	9 006	8 429	6 934	8 726	36 653	131 592	138 172	145 080
Community and social services	912	959	948	954	978	978	963	953	927	961	988	8 940	19 460	20 433	21 455
Sport and recreation	2 842	2 458	3 360	2 918	3 123	3 123	2 853	2 689	2 869	2 568	2 359	8 961	40 123	42 129	44 236
Public safety	5 417	4 379	4 068	4 122	4 205	4 205	3 960	4 980	4 186	3 044	3 417	2 739	48 723	51 159	53 717
Housing	1 005	535	733	495	472	539	339	384	446	360	1 963	16 014	23 286	24 450	25 672
Health												-	-	-	-
<i>Economic and environmental services</i>	6 738	7 598	7 169	7 620	6 556	7 070	6 819	7 840	6 616	8 178	6 300	7 546	86 050	90 352	94 870
Planning and development	2 143	2 567	2 637	2 875	2 766	2 876	2 320	2 596	1 419	2 684	1 454	2 927	29 264	30 727	32 263
Road transport	4 595	5 031	4 532	4 745	3 790	4 194	4 499	5 244	5 197	5 494	4 846	4 620	56 786	59 625	62 607
Environmental protection												-	-	-	-
<i>Trading services</i>	28 177	21 040	48 942	27 120	32 255	36 036	24 946	35 320	32 504	40 241	28 570	163 107	518 256	525 569	533 248
Electricity	25 413	18 058	46 169	23 925	29 524	32 683	21 531	32 717	29 818	37 261	24 403	151 518	473 021	478 072	483 375
Water												-	-	-	-
Waste water management												-	-	-	-
Waste management	2 764	2 981	2 773	3 195	2 731	3 354	3 415	2 603	2 685	2 980	4 167	11 589	45 236	47 498	49 873
<i>Other</i>	900	777	910	909	990	531	764	999	988	988	766	503	10 022	10 523	11 050
Total Expenditure - Standard	69 748	53 668	92 110	84 489	74 850	78 894	68 335	87 370	80 846	98 323	78 495	383 581	1 250 708	1 305 205	1 324 618
Surplus/(Deficit) before assoc.	150 221	(29 921)	(27 253)	(49 950)	104 376	(59 174)	(37 833)	(41 423)	20 153	(59 264)	(36 679)	71 746	5 000	156	11
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	150 221	(29 921)	(27 253)	(49 950)	104 376	(59 174)	(37 833)	(41 423)	20 153	(59 264)	(36 679)	71 746	5 000	156	11

TABLE 54

FS194 Maluti-a-Phofung - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Legislative Authority												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Corporate Services												-	-	-	-
Vote 4 - Budget & Treasury Office												-	-	-	-
Vote 5 - Municipal Infrastructure	16 271	13 780	13 272	12 533	14 341	14 901	13 926	22 726	10 537	27 756	23 948	99 317	283 309	256 224	273 034
Vote 6 - Community Services												-	-	-	-
Vote 7 - Public Safety												-	-	-	-
Vote 8 - Parks, Sports & Recreation												-	-	-	-
Vote 9 - LED & Tourism												-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs												-	-	-	-
Vote 11 - Water & Sanitation												-	-	-	-
Vote 12 - Water												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital multi-year expenditure sub-total	16 271	13 780	13 272	12 533	14 341	14 901	13 926	22 726	10 537	27 756	23 948	99 317	283 309	256 224	273 034
Single-year expenditure to be appropriated															
Vote 1 - Legislative Authority	200	85	-	789	1 200	890	467	598	-	100		671	5 000	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Corporate Services												-	-	-	-
Vote 4 - Budget & Treasury Office												-	-	-	-
Vote 5 - Municipal Infrastructure												-	-	-	-
Vote 6 - Community Services												-	-	-	-
Vote 7 - Public Safety												-	-	-	-
Vote 8 - Parks, Sports & Recreation												-	-	-	-
Vote 9 - LED & Tourism												-	-	-	-
Vote 10 - Human Settlement and Traditional Affairs												-	-	-	-
Vote 11 - Water & Sanitation												-	-	-	-
Vote 12 - Water												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital single-year expenditure sub-total	200	85	-	789	1 200	890	467	598	-	100	-	671	5 000	-	-
Total Capital Expenditure	16 471	13 865	13 272	13 322	15 541	15 791	14 393	23 324	10 537	27 856	23 948	99 988	288 309	256 224	273 034

TABLE 55

FS194 Maluti-a-Phofung - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard															
<i>Governance and administration</i>	200	85	-	789	1 200	890	467	598	-	100	-	671	5 000	-	-
Executive and council	200	85	-	789	1 200	890	467	598	-	100	-	671	5 000	-	-
Budget and treasury office												-	-	-	-
Corporate services												-	-	-	-
<i>Community and public safety</i>	1 500	5 862	-	1 655	3 680	3 197	-	7 306	2 019	5 428	-	5 152	35 799	20 881	27 800
Community and social services	1 500	2 600			3 680			3 719	2 019			1 956	15 474	4 881	-
Sport and recreation		3 262		1 655		3 197		3 587		5 428		3 196	20 325	16 000	27 800
Public safety												-	-	-	-
Housing												-	-	-	-
Health												-	-	-	-
<i>Economic and environmental services</i>	3 929	650	4 644	2 373	3 469	4 680	4 266	5 700	3 459	9 745	3 447	28 213	74 575	109 659	47 000
Planning and development	2 459	650		2 373			4 266		3 459		3 447	17 846	34 500	40 000	27 000
Road transport	1 469		4 644		3 469	4 680		5 700		9 745		10 368	40 075	69 659	20 000
Environmental protection												-	-	-	-
<i>Trading services</i>	10 362	6 787	8 147	8 024	6 711	6 542	9 179	9 240	4 579	12 102	20 020	65 471	167 163	119 565	192 034
Electricity	5 783		3 579		3 457		3 469		4 579		4 454	10 469	35 790	27 128	25 000
Water	4 579		4 568	3 446	3 254		5 710	3 447		4 569	6 790	39 086	75 448	62 951	105 000
Waste water management		6 787		4 579		6 542		5 793		7 533	8 777	15 915	55 925	29 487	62 034
Waste management												-	-	-	-
<i>Other</i>	481	481	481	481	481	481	481	481	481	481	481	481	5 772	6 119	6 200
Total Capital Expenditure - Standard	16 471	13 865	13 272	13 322	15 541	15 791	14 393	23 324	10 537	27 856	23 948	99 988	288 309	256 224	273 034
Funded by:															
National Government	91 324				81 343				50 642			0	223 309	221 224	246 034
Provincial Government	10 000				10 000				10 000			-	30 000	35 000	27 000
District Municipality												-	-	-	-
Other transfers and grants												-	-	-	-
Transfers recognised - capital	101 324	-	-	-	91 343	-	-	-	60 642	-	-	0	253 309	256 224	273 034
Public contributions & donations												-	-	-	-
Borrowing												-	-	-	-
Internally generated funds												35 000	35 000	-	-
Total Capital Funding	101 324	-	-	-	91 343	-	-	-	60 642	-	-	35 000	288 309	256 224	273 034

TABLE 56

FS194 Maluti-a-Phofung - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source													1		
Property rates	1 430	2 767	4 970	14 796	51 772	2 444	18 570	36 738	1 184	15 401	16 750	37 679	204 500	214 725	225 461
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	13 026	16 837	6 072	8 511	4 564	5 765	2 426	2 326	13 592	7 882	15 060	303 939	400 000	400 000	400 000
Service charges - water revenue	2 600	1 800	1 400	2 600	2 400	1 700	2 300	1 800	1 300	3 500	4 100	45 000	70 500	74 025	77 726
Service charges - sanitation revenue	980	1 200	800	1 200	1 300	900	1 158	1 500	1 240	2 077	2 083	18 562	33 000	34 650	36 383
Service charges - refuse revenue	600	569	579	750	550	450	614	584	473	747	850	18 234	25 000	26 250	27 563
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	80	30	45	37	98	200	28	65	100	58	150	730	1 621	1 702	1 787
Interest earned - external investments	50	66	420	120	145	159	43	70	51	63	43	770	2 000	2 100	2 205
Interest earned - outstanding debtors	82	154	285	3 825	58	7 403	985	624	1 979	4 296	1 912	8 398	30 000	31 500	33 075
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	67	50	56	45	150	300	40	91	50	3	68	2 580	3 500	3 675	3 859
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	200 736	-	-	2 125	117 646	-	2 125	-	78 431	2 125	-	-	403 188	458 965	468 413
Other revenue	317	274	50 230	529	543	400	2 213	2 150	2 600	1 524	800	20 820	82 399	57 769	48 158
Cash Receipts by Source	219 969	23 747	64 857	34 539	179 227	19 720	30 502	45 947	100 999	37 675	41 816	456 711	1 255 708	1 305 361	1 324 629
Other Cash Flows by Source															
Transfer receipts - capital	101 324	-	-	-	91 343	-	-	-	60 642	-	-	0	253 309	255 724	273 034
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	321 292	23 747	64 857	34 539	270 570	19 720	30 502	45 947	161 641	37 675	41 816	456 712	1 509 017	1 561 085	1 597 663
Cash Payments by Type															
Employee related costs	20 534	21 545	21 753	20 143	21 035	21 646	21 845	21 549	21 934	21 449	21 521	32 904	267 859	281 252	295 315
Remuneration of councillors	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	2 736	22 100	23 205	24 365
Finance charges	-	-	-	-	-	3 000	-	-	-	-	-	3 000	6 000	6 300	6 615
Bulk purchases - Electricity	31 086	23 876	45 000	30 000	24 976	32 086	21 651	34 569	15 834	26 548	22 000	42 373	350 000	350 000	350 000
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	5 500	3 200	1 500	1 800	12 478	1 700	989	4 685	4 725	14 976	8 750	4 696	65 000	67 150	69 408
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	7 375	-	14 750	7 375	7 375	-	14 750	7 375	7 375	7 375	-	14 750	88 500	89 500	88 200
Other expenditure	3 492	3 287	7 346	23 411	7 226	18 701	7 339	17 431	29 217	26 213	24 464	118 121	286 249	300 548	315 578
Cash Payments by Type	69 748	53 668	92 110	84 489	74 850	78 894	68 335	87 370	80 846	98 323	78 495	218 580	1 085 708	1 117 955	1 149 481
Other Cash Flows/Payments by Type															
Capital assets	16 471	13 865	13 272	13 322	15 541	15 791	14 393	23 324	10 537	27 856	23 948	64 988	253 309	256 224	273 034
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	86 219	67 533	105 382	97 812	90 391	94 685	82 728	110 694	91 384	126 179	102 443	283 569	1 339 017	1 374 179	1 422 515
NET INCREASE/(DECREASE) IN CASH HELD	235 073	(43 786)	(40 525)	(63 273)	180 179	(74 965)	(52 226)	(64 747)	70 258	(88 504)	(60 627)	173 143	170 000	186 906	175 149
Cash/cash equivalents at the month/year begin:	235 073	235 073	191 287	150 762	87 489	267 668	192 703	140 478	75 731	145 988	57 484	(3 143)	-	170 000	356 906
Cash/cash equivalents at the month/year end:	235 073	191 287	150 762	87 489	267 668	192 703	140 478	75 731	145 988	57 484	(3 143)	170 000	170 000	356 906	532 055

2.10 Annual budgets and service delivery and budget implementation plans – internal departments

The SDBIP gives effect to the Integrated Development Plan and Budget of the municipality. It is the expression of the objectives of the MAP municipality with the expected outcomes which will be implemented by the administration (Directorates) within MAP municipality. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It facilitates oversight of financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, The Executive Mayor/ Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Municipality. The Service Delivery Budget Implementation Plan (SDBIP) will be approved the Executive Mayor after the approval of the annual budget.

In terms of section 53(1) © (ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is expected to be approved by the mayor within 28 days after the approval of the budget and In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval

The SDBIP must contain the following:

- Measurable objectives,
- Monthly Projections
- Service delivery strategies,
- Key outputs,
- Performance/service delivery indicators, and
- Performance/service delivery targets.

These plans will be used as justification for the allocation of funds, whether it is of a capital or an operational nature. It is important that Portfolio Committee members are involved in the compilation of these operational plans to ensure that they address political aspirations.

2.11 Contract having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

TABLE 57

FS194 Maluti-a-Phofung - Supporting Table SA33 Contracts having future budgetary implications

Description	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total Contract Value
R thousand	Total	Original Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
Revenue Obligation By Contract													
Contract 1													-
Contract 2													-
Contract 3 etc													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
ELECTRICAL SERVICES						-	-						-
WATER METERS						-	-						-
ASSETS INSURANCE	64 355	46 305	30 000	30 900	31 845								
CALL OUTS	20 600	8 269	500	525	551								
WASTE MANAGEMENT	3 485	2 629											
INDIGENT AND PROFILING SERVICES	2 080	1 654											
PHOTOCOPY MACHINES	3 200		2 000	2 100	2 205								
DEBT COLLECTORS	-	22 050	10 000	10 500	11 025								
VALUATION ROLL/CREDIT CONTROL CHARGE	7 400	1 323	2 000	2 100	2 205								
REVENUE ENHANCEMENT	25 893	8 269	5 000	5 250	5 513								
PRINTING : CONSUMER ACCOUNTS	1 000	1 323	500	525	551								
FINANCIAL SYSTEM	8 000	1 103	10 000	10 000	10 000								
STREETLIGHTS	15 000	22 838	5 000	5 250	5 513								
Contract 2													-
Contract 3 etc													-
Total Operating Expenditure Implication	151 013	115 763	65 000	67 150	69 408	-	-	-	-	-	-	-	468 333
Capital Expenditure Obligation By Contract													
Contract 1													-
Contract 2													-
Contract 3 etc													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	151 013	115 763	65 000	67 150	69 408	-	-	-	-	-	-	-	468 333
Entities:													
Revenue Obligation By Contract													
Contract 1													-
Contract 2													-
Contract 3 etc													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
Contract 1													-
Contract 2													-
Contract 3 etc													-
Total Operating Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract													
Contract 1													-
Contract 2													-
Contract 3 etc													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-

2.12 Capital Expenditure Detail

TABLE 58

FS 194 Maluti-a-Phofung - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	395 261	344 122	239 550	225 251	296 408	296 408	213 010	195 343	218 234
Infrastructure - Road transport	61 554	42 857	28 830	4 000	29 922	29 922	40 075	69 659	20 000
Roads, Pavements & Bridges	61 554	42 857	28 830	4 000	29 922	29 922	40 075	69 659	20 000
Storm water									
Infrastructure - Electricity	10 807	7 092	21 557	41 403	51 864	51 864	35 790	27 128	25 000
Generation									
Transmission & Reticulation	10 807	7 092	21 557	31 000	25 000	25 000	25 000	25 000	25 000
Street Lighting				10 403	26 864	26 864	10 790	2 128	
Infrastructure - Water	116 375	13 344	101 701	89 517	91 230	91 230	75 448	62 951	105 000
Dams & Reservoirs									
Water purification	116 375	13 344	101 701	89 517	91 230	91 230	75 448	62 951	105 000
Reticulation									
Infrastructure - Sanitation	7 145	10 130	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Reticulation									
Sewerage purification	7 145	10 130	82 030	84 899	117 961	117 961	55 925	29 487	62 034
Infrastructure - Other	199 380	270 699	5 432	5 432	5 432	5 432	5 772	6 119	6 200
Waste Management	–	35 028							
Transportation									
Gas									
Other	199 380	235 671	5 432	5 432	5 432	5 432	5 772	6 119	6 200
Community	–	–	32 106	16 580	34 641	34 641	67 691	60 881	54 800
Parks & gardens					7 600	7 600	18 902	16 000	27 800
Sportsfields & stadia					–	–			
Swimming pools					–	–			
Community halls				–	–	–			
Libraries					–	–			
Recreational facilities			19 000	2 370	6 606	6 606	1 423		
Fire, safety & emergency			–		–	–			
Security and policing			–		–	–			
Buses			–		–	–			
Clinics			–		–	–			
Museums & Art Galleries			–		–	–			
Cemeteries			–		8 000	8 000	8 000	4 881	
Social rental housing			–		–	–			
Other			13 106	14 210	12 435	12 435	39 366	40 000	27 000
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	123 826	20 508	85 000	75 000	78 000	78 000	5 000	–	–
General vehicles	13 742						500		
Specialised vehicles	–	–	40 000	40 000	45 000	45 000	–	–	–
Plant & equipment	15 288	19 043							
Computers - hardware/equipment			10 000				2 000		
Furniture and other office equipment	14 019	1 465					2 000		
Abattoirs			–						
Markets			–						
Civic Land and Buildings			–						
Other Buildings	80 114		–						
Other Land			–						
Surplus Assets - (Investment or Inventory)			–						
Other	663		35 000	35 000	33 000	33 000	500		
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	287	29	–	–	–	–	–	–	–
Computers - software & programming	287	29							
Other (list sub-class)									
Total Capital Expenditure on new assets	519 374	364 658	356 656	316 831	409 049	409 049	285 701	256 224	273 034
Specialised vehicles	–	–	40 000	40 000	45 000	45 000	–	–	–
Refuse			40 000	40 000	45 000	45 000			
Fire									
Conservancy									
Ambulances									



TABLE 59

FS194 Maluti-a-Phofung - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	57 509	26 485	-	-	-	-	-
Infrastructure - Road transport	-	-	57 509	21 485	-	-	-	-	-
Roads, Pavements & Bridges			57 509	21 485					
Storm water									
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Generation									
Transmission & Reticulation									
Street Lighting									
Infrastructure - Water	-	-	-	5 000	-	-	-	-	-
Dams & Reservoirs				5 000					
Water purification									
Reticulation									
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation									
Sewerage purification									
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	-	-	9 733	30 817	6 208	6 208	2 608	-	-
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls			2 500	6 672	6 208	6 208	2 608		
Libraries									
Recreational facilities			3 568	13 251					
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries			3 665	10 894					
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	23 000	23 000	23 000	23 000	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings			23 000	23 000	23 000	23 000			
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Capital Expenditure on renewal of existing	-	-	90 242	80 302	29 208	29 208	2 608	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
Renewal of Existing Assets as % of total capex	0.0%	0.0%	20.2%	20.2%	6.7%	6.7%	0.9%	0.0%	0.0%
Renewal of Existing Assets as % of deprehn"	0.0%	0.0%	30.1%	22.9%	19.5%	19.5%	1.7%	0.0%	0.0%

TABLE 60

FS194 Maluti-a-Phofung - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	14 785	49 549	74 370	68 600	99 300	99 300	56 600	59 430	62 402
Infrastructure - Road transport	9 235	34 301	37 150	39 600	74 800	74 800	35 100	36 855	38 698
Roads, Pavements & Bridges	7 381	26 802	36 650	39 500	74 600	74 600	35 000	36 750	38 588
Storm water	1 854	7 500	500	100	200	200	100	105	110
Infrastructure - Electricity	5 550	15 248	37 220	29 000	24 500	24 500	21 500	22 575	23 704
Generation				6 000	—	—			
Transmission & Reticulation	3 500	3 828	22 000	8 000	11 000	11 000	9 000	9 450	9 923
Street Lighting	2 050	11 420	15 220	15 000	13 500	13 500	12 500	13 125	13 781
Infrastructure - Water	—	—	—	—	—	—	—	—	—
Dams & Reservoirs									
Water purification									
Reticulation									
Infrastructure - Sanitation	—	—	—	—	—	—	—	—	—
Reticulation									
Sewerage purification									
Infrastructure - Other	—	—	—	—	—	—	—	—	—
Waste Management									
Transportation									
Gas									
Other									
Community	—	—	536	—	—	—	300	315	331
Parks & gardens			330				300	315	331
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other			206						
Heritage assets	—	—	—	—	—	—	—	—	—
Buildings									
Other									
Investment properties	—	—	—	—	—	—	—	—	—
Housing development									
Other									
Other assets	5 998	4 535	34 613	23 583	17 183	17 183	22 643	23 775	24 964
General vehicles	3 527	2 805	6 180	7 500	4 130	4 130	7 222	7 583	7 962
Specialised v vehicles	1 419	—	—	—	—	—	—	—	—
Plant & equipment			525		520	520	538	565	593
Computers - hardware/equipment	386		1 061	628	255	255	823	864	908
Furniture and other office equipment	80	575	1 825	1 289	210	210	947	994	1 044
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	586	925	24 817	12 746	11 690	11 690	10 275	10 789	11 328
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	—	230	206	1 420	378	378	2 838	2 980	3 129
Agricultural assets	—	—	—	—	—	—	—	—	—
List sub-class									
Biological assets	—	—	—	—	—	—	—	—	—
List sub-class									
Intangibles	—	—	—	—	—	—	—	—	—
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696
Specialised vehicles	1 419	—	—	—	—	—	—	—	—
Refuse	1 419	—							
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	0.5%	1.4%	2.5%	2.2%	2.7%	2.7%	1.7%	1.7%	1.7%
R&M as % Operating Expenditure	2.1%	2.7%	7.4%	6.3%	11.7%	11.7%	6.4%	6.4%	6.6%

TABLE 61

FS194 Maluti-a-Phofung - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure							
Vote 1 - Legislative Authority	5 000	-	-				
Vote 2 - Office of the Municipal Manager	-	-	-				
Vote 3 - Corporate Services	-	-	-				
Vote 4 - Budget & Treasury Office	-	-	-				
Vote 5 - Municipal Infrastructure	283 309	256 224	273 034				
Vote 6 - Community Services	-	-	-				
Vote 7 - Public Safety	-	-	-				
Vote 8 - Parks, Sports & Recreation	-	-	-				
Vote 9 - LED & Tourism	-	-	-				
Vote 10 - Human Settlement and Traditional Affairs	-	-	-				
Vote 11 - Water & Sanitation	-	-	-				
Vote 12 - Water	-	-	-				
Vote 13 - [NAME OF VOTE 13]	-	-	-				
Vote 14 - [NAME OF VOTE 14]	-	-	-				
Vote 15 - [NAME OF VOTE 15]	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	288 309	256 224	273 034	-	-	-	-
Future operational costs by vote							
Vote 1 - Legislative Authority	50 698	53 233	55 895				
Vote 2 - Office of the Municipal Manager	28 529	29 956	31 453				
Vote 3 - Corporate Services	32 394	34 014	35 714				
Vote 4 - Budget & Treasury Office	400 496	431 082	425 389				
Vote 5 - Municipal Infrastructure	575 043	585 195	595 854				
Vote 6 - Community Services	12 131	12 738	13 374				
Vote 7 - Public Safety	48 723	51 159	53 717				
Vote 8 - Parks, Sports & Recreation	40 123	42 129	44 236				
Vote 9 - LED & Tourism	22 091	23 196	24 356				
Vote 10 - Human Settlement and Traditional Affairs	40 481	42 505	44 630				
Vote 11 - Water & Sanitation							
Vote 12 - Water							
Vote 13 - [NAME OF VOTE 13]							
Vote 14 - [NAME OF VOTE 14]							
Vote 15 - [NAME OF VOTE 15]							
<i>List entity summary if applicable</i>							
Total future operational costs	1 250 708	1 305 205	1 324 618	-	-	-	-
Future revenue by source							
Property rates	204 500	214 725	225 461				
Property rates - penalties & collection charges	-	-	-				
Service charges - electricity revenue	400 000	400 000	400 000				
Service charges - water revenue	70 500	74 025	77 726				
Service charges - sanitation revenue	33 000	34 650	36 383				
Service charges - refuse revenue	25 000	26 250	27 563				
Service charges - other							
Rental of facilities and equipment	1 621	1 702	1 787				
<i>List other revenues sources if applicable</i>	521 087	554 009	555 710				
<i>List entity summary if applicable</i>							
Total future revenue	1 255 708	1 305 361	1 324 629	-	-	-	-
Net Financial Implications	283 309	256 068	273 023	-	-	-	-



Maluti-A-Phofung Municipality Draft Annual Budget 2014 /2015 Medium Term Revenue Expenditure Framework, IDP and Budget related policies

TABLE 62

FS194 Maluti-a-Phofung - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project		Asset Class	Asset Sub-Class			Prior year outcomes	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
	Program/Project description			Total Project Estimate	Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand		3	3								
Parent municipality:											
List all capital projects grouped by Municipal Vote											
PROJECT MANAGEMENT UNIT	PHUTHADITHABA HALL	Community	HALL								
PROJECT MANAGEMENT UNIT	SEDIBA HALL	Community	Community halls	6 672	2 500	6 208	2 608				Renewal
PROJECT MANAGEMENT UNIT	INCENTIVE GRANTS FOR MUNICIPALITY (EXPWP)	Community	Community	10 210	13 106	10 210	4 866				New
PROJECT MANAGEMENT UNIT	SCHOONPLATZ HUMAN SETTLEMENTS	Community	DEVELOPMENT				30 000	35 000	27 000		New
PROJECT MANAGEMENT UNIT	RURAL HOUSEHOLD INFRASTRUCTURE GRANT	Community	Housing development	4 000		2 225	4 500	5 000			New
PROJECT MANAGEMENT UNIT	FENCING AND INFRA AT CEMETERIES 1	Community	Cemeteries				-	4 881			New
PROJECT MANAGEMENT UNIT	FENCING OF CEMETERIES	Community	Cemeteries	-			2 000				New
PROJECT MANAGEMENT UNIT	FENCING AND INFRA AT CEMETERIES 1B	Community	Cemeteries	10 894	3 665	8 000	6 000				New
PROJECT MANAGEMENT UNIT	BLUEGUMBOSCH STADIUM	PARKS	Sportsfields & stadia				1 000	16 000	4 000		New
PROJECT MANAGEMENT UNIT	PLATBERG STADIUM	PARKS	Sportsfields & stadia						23 800		New
PROJECT MANAGEMENT UNIT	INTABAZWE SPORT FACILITIES	PARKS	Recreational facilities	13 251	3 568	7 600	17 902				New
PROJECT MANAGEMENT UNIT	NEW INDOOR AND RECREATIONAL FACILITY	PARKS	Recreational facilities	2 370	19 000	6 606	1 423				New
PROJECT MANAGEMENT UNIT	RENOVATION OF OLD MUNICIPAL BUILDING	LAND AND BUILDING	MUNICIPAL OFFICES	23 000	23 000	23 000					New
PROJECT MANAGEMENT UNIT	ELECTRIFICATION PROGRAMME (1183) DOE	Infrastructure - Electricity	Transmission & Reticulation	20 000	10 000	20 000	17 000	25 000	25 000		New
PROJECT MANAGEMENT UNIT	DEMAND SIDE MANAGEMENT D&E	Infrastructure - Electricity	Transmission & Reticulation	-	3 000						New
PROJECT MANAGEMENT UNIT	HIGHMAST LIGHTS	Infrastructure - Electricity	Street Lighting	10 403	2 557	17 864	10 790	2 128			New
PROJECT MANAGEMENT UNIT	HIGHVOLTAGE LINES IN HARRISMITH	Infrastructure - Electricity	HIGHVOLTAGE	9 000		9 000	8 000				New
PROJECT MANAGEMENT UNIT	INTERGRATED ENERGY CENTRE	Infrastructure - Electricity	Other	2 000	6 000	5 000					New
PROJECT MANAGEMENT UNIT	FOOTBRIDGES THOLOLONG	Infrastructure - Road transport	Roads, Pavements & Bridges	4 000		4 000	4 000				New
PROJECT MANAGEMENT UNIT	THOLOLONG/KESTELL PAVED ROAD 3	Infrastructure - Road transport	Roads, Pavements & Bridges			500					New
PROJECT MANAGEMENT UNIT	THOLOLONG/KESTELL PAVED ROAD 5	Infrastructure - Road transport	Roads, Pavements & Bridges	-			6 320	12 680			New
PROJECT MANAGEMENT UNIT	PHUTH PAVED ROADS PHASE 2	Infrastructure - Road transport	Roads, Pavements & Bridges		10 274						New
PROJECT MANAGEMENT UNIT	PHUTH PAVED ROADS PHASE 3	Infrastructure - Road transport	Roads, Pavements & Bridges	-		500	6 309	9 557			New
PROJECT MANAGEMENT UNIT	INTABAZWE EXT 3 ROADS PHASE 1	Infrastructure - Road transport	Roads, Pavements & Bridges		12 000		266				New
PROJECT MANAGEMENT UNIT	INTABAZWE EXT 3 ROADS PHASE 2	Infrastructure - Road transport	Roads, Pavements & Bridges	3 644		7 081					New
PROJECT MANAGEMENT UNIT	DISASTER PARK PAVED ROADS PHASE 2	Infrastructure - Road transport	Roads, Pavements & Bridges		7 446						New
PROJECT MANAGEMENT UNIT	DISASTER PARK PAVING 4.5KM ROADS PHASE 3	Infrastructure - Road transport	Roads, Pavements & Bridges	-			5 733	11 384			New
PROJECT MANAGEMENT UNIT	INTABAZWE PAVED ROADS 2	Infrastructure - Road transport	Roads, Pavements & Bridges	1 191	8 913	1 191	500				New
PROJECT MANAGEMENT UNIT	INTABAZWE PAVED ROADS 3	Infrastructure - Road transport	Roads, Pavements & Bridges								New
PROJECT MANAGEMENT UNIT	TSHAME PAVED ROADS 2	Infrastructure - Road transport	Roads, Pavements & Bridges	650	10 376	650					New
PROJECT MANAGEMENT UNIT	TSHAME PAVED ROADS 3	Infrastructure - Road transport	Roads, Pavements & Bridges								New
PROJECT MANAGEMENT UNIT	QWAQWA RURAL ROADS	Infrastructure - Road transport	Roads, Pavements & Bridges	11 000	2 000	6 000			20 000		New
PROJECT MANAGEMENT UNIT	QWAQWA RURAL PAVED ROADS	Infrastructure - Road transport	Roads, Pavements & Bridges				9 197	9 039			New
PROJECT MANAGEMENT UNIT	TAXI RANK (INTABAZWE)	Infrastructure - Road transport	TAXI RANK				750	12 000			New
PROJECT MANAGEMENT UNIT	TAXI RANK (PHUTHADITHABA)	Infrastructure - Road transport	TAXI RANK				1 000	15 000			New
PROJECT MANAGEMENT UNIT	TURFONTEIN/MAKENENG INTERNAL PAVED ROADS	Infrastructure - Road transport	Roads, Pavements & Bridges	5 000	6 500	10 000	6 000				New
PROJECT MANAGEMENT UNIT	VIP TOILET PROJECT PHASE 9	Infrastructure - Sanitation	Sewerage purification		24 946						New
PROJECT MANAGEMENT UNIT	VIP TOILET PROJECT PHASE 10	Infrastructure - Sanitation	Sewerage purification	19 558	30 485	15 213	1 935				New
PROJECT MANAGEMENT UNIT	VIP TOILET PROJECT PHASE 11	Infrastructure - Sanitation	Sewerage purification	19 309		36 437	22 346	28 047	22 034		New
PROJECT MANAGEMENT UNIT	QWAQWA VIP TOILETS PHASE 12	Infrastructure - Sanitation	Sewerage purification						40 000		New
PROJECT MANAGEMENT UNIT	INTABAZWE/HARRISMITH WASTE WATER TREATMENT	Infrastructure - Sanitation	Sewerage purification	22 760	12 000	40 000	18 039	1 440			New
PROJECT MANAGEMENT UNIT	MAKHOLOKENG SEWER	Infrastructure - Sanitation	Sewerage purification	10 302	12 000	5 305	1 024				New
PROJECT MANAGEMENT UNIT	MANDELA PARK SEWER	Infrastructure - Sanitation	Sewerage purification	5 971	2 600	4 006	5 582				New
PROJECT MANAGEMENT UNIT	LUSAKA SEWERAGE	Infrastructure - Sanitation	Sewerage purification		10 000						New
PROJECT MANAGEMENT UNIT	SEWER NETWORKS-QWAQWA&HARRIS	Infrastructure - Sanitation	Sewerage purification	7 000		7 000	7 000				New
PROJECT MANAGEMENT UNIT	STERKFONTEIN/QWAQWA BULK WATER SCHEME	Infrastructure - Water	Water purification	32 600	63 620	49 500	24 896	32 600	55 000		New
PROJECT MANAGEMENT UNIT	KESTELL/THOLOLONG WATER TOTAL SOLUTION	Infrastructure - Water	Water purification	11 060	3 500	7 768	4 058				New
PROJECT MANAGEMENT UNIT	MAKHOLOKWENG RESERVOIR	Infrastructure - Water	Water purification	4 330	3 000	8 600	622				New
PROJECT MANAGEMENT UNIT	MAKHOLOKENG WATER NETWORKS	Infrastructure - Water	Water purification	3 000		3 000	3 000				New
PROJECT MANAGEMENT UNIT	WATER NETWORK QWAQWA RURAL PHASE 2	Infrastructure - Water	Water purification	2 279	24 529	-					New
PROJECT MANAGEMENT UNIT	QWAQWA RURAL: WATER NETWORK PHASE 3	Infrastructure - Water	Water purification	21 800	7 051	10 251	14 946	1 406			New
PROJECT MANAGEMENT UNIT	QWAQWA RURAL: WATER NETWORK PHASE 3 (B)	Infrastructure - Water	Water purification	8 677		1 414	10 953	12 504			New
PROJECT MANAGEMENT UNIT	QWAQWA RURAL: WATER NETWORK PHASE 3 (C)	Infrastructure - Water	Water purification	5 771		698	10 973	16 442	10 000		New
PROJECT MANAGEMENT UNIT	PHUTHAS WATER SERVICES FOR NETWORK PHASE 3	Infrastructure - Water	Water purification	-					40 000		New
PROJECT MANAGEMENT UNIT	DWA-FIKA PATSO	Infrastructure - Water	Water purification	5 000		10 000	6 000				New
PROJECT MANAGEMENT UNIT	PROJECT MANAGEMENT UNIT	Infrastructure - Other	PMU	5 432	5 432	5 432	5 772	6 119	6 200		New
PROJECT MANAGEMENT UNIT	FLEET VEHICLE & EQUIPMENT FOR WASTE REMOVAL	Other Assets	Specialised vehicles - Refuse	20 000	20 000	25 000					New
PROJECT MANAGEMENT UNIT	FLEET VEHICLE & EQUIPMENT FOR ROAD CONSTRUCTION	Other Assets	FLEET	20 000	20 000	20 000					New
PROJECT MANAGEMENT UNIT	CCTV	Other Assets	Computers - hardware/equipment	-	10 000	3 000					New
PROJECT MANAGEMENT UNIT	SMART METERS	Infrastructure - Other	Other	35 000	35 000	30 000					New
EXECUTIVE AND COUNCIL	ASSETS	Other Assets	Computers - software & programming				500				New
EXECUTIVE AND COUNCIL	ASSETS	Other Assets	Computers - hardware/equipment				2 000				New
EXECUTIVE AND COUNCIL	ASSETS	Other Assets	Furniture and other office equipment				2 000				New
EXECUTIVE AND COUNCIL	ASSETS	Other Assets	General vehicles				500				New
Parent Capital expenditure				397 133	418 068	438 258	288 309	256 224	273 034		



TABLE 63

FS194 Maluti-a-Phofung - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name Project name												

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes quarterly published financial performance on the municipality's website
2. Preparation of the annual Budget and adjustments budget
3. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and will be employing 10 interns who will be undergoing training in various divisions of the Financial Services Department.
4. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
5. Audit Committee
An Audit Committee has been established and is fully functional.
6. Service Delivery Implementation Plan
The detail SDBIP documents for the third quarter will be submitted to council and are directly aligned and informed by the 2014/2015 MTREF.
7. Policies

An amendment of the Municipal Supply Chain Policy was announced in Government Gazette 34350 on 08 June 2011. The ratios as prescribed in the Regulations have been complied with.

As we however converted to GAMAP/GRAP in 2006 already certain aspects off the legislation is applicable to Maluti - A - Phofung and as such the Asset Register is currently our only challenge in achieving full compliance.

2.14 Other supporting documents

TABLE 64

FS194 Maluti-a-Phofung - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	631 362	733 422	346 067	819 100	819 100	819 100	819 100	860 055	903 058
less Revenue Foregone	499 249	561 394	181 514	614 600	614 600	614 600	614 600	645 330	677 597
Net Property Rates	132 112	172 028	164 553	204 500	204 500	204 500	204 500	214 725	225 461
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	148 778	230 917	414 000	400 000	102 000	102 000	450 000	450 000	450 000
less Revenue Foregone			48 000	50 000			50 000	50 000	50 000
Net Service charges - electricity revenue	148 778	230 917	366 000	350 000	102 000	102 000	400 000	400 000	400 000
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	13 134	39 125	52 405	56 000	56 000	56 000	70 500	74 025	77 726
less Revenue Foregone			6 555	7 000	7 000	7 000			
Net Service charges - water revenue	13 134	39 125	45 850	49 000	49 000	49 000	70 500	74 025	77 726
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	34 261	39 614	20 798	25 700	25 700	25 700	33 000	34 650	36 383
less Revenue Foregone			648	700	700	700			
Net Service charges - sanitation revenue	34 261	39 614	20 150	25 000	25 000	25 000	33 000	34 650	36 383
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	18 881	20 899	19 734	20 500	20 500	20 500	25 000	26 250	27 563
Total landfill revenue									
less Revenue Foregone			468	500	500	500			
Net Service charges - refuse revenue	18 881	20 899	19 266	20 000	20 000	20 000	25 000	26 250	27 563
<u>Other Revenue by source</u>									
Advertisement signs	56	47	4 301	100	100	100	100	105	110
Blockages	27	18	58	100	100	100			
Building Plans Fees	148	195	55	260	260	260	260	273	287
Cemetery Fees	286	258	214	800	800	800			
Commission: Rental ESKOM 42	58	139	294	100	100	100	100	105	110
Connections: New Residents	148	164	126	250	250	250	250	263	276
Connections: New Services Business	44	24	165	128	128	128	128	134	141
Connections: Pre-paid Meters	-	5	58	250	250	250	250	263	276
Disconnections/Final reading & reconnections	-	-	610	1 000	1 000	1 000			
REVALUATION RESERVES				350 000					
INCOME RECEIVED FROM OLD DEBT				60 000	183 790	183 790	75 000	50 000	40 000
Other Revenue by source	2 700	14 818	438 902	4 612	5 580	5 580	6 312	6 627	6 959
Total 'Other' Revenue	3 466	15 670	444 783	417 600	192 358	192 358	82 399	57 769	48 158
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Basic Salaries and Wages	140 395	168 223	147 074	171 327	161 357	161 357	176 388	185 207	194 467
Pension and UIF Contributions	16 632	19 244	24 057	27 948	28 213	28 213	31 853	33 446	35 118
Medical Aid Contributions	13 355	14 760	7 439	9 047	8 285	8 285	11 700	12 285	12 899
Overtime	11 401	16 778	8 651	7 554	14 638	14 638	12 736	13 373	14 042
Performance Bonus	-	-	-	-	-	-			
Motor Vehicle Allowance	2 898	2 876	6 218	7 297	7 981	7 981	8 871	9 315	9 781
Cellphone Allowance	199	268	889	803	828	828	847	890	934
Housing Allowances	460	516	2 360	1 684	737	737	1 480	1 554	1 632
Other benefits and allowances	11 008	11 912	12 383	15 895	3 003	3 003	5 093	5 348	5 615
Payments in lieu of leave	2 511	1 085	1 061	1 260	15 850	15 850	16 536	17 363	18 231
Long service awards	-	58	3 660	2 617	2 084	2 084	2 354	2 472	2 595
Post-retirement benefit obligations									
sub-total	198 860	235 718	213 790	245 432	242 975	242 975	267 859	281 252	295 315
Less: Employees costs capitalised to PPE									
Total Employee related costs	198 860	235 718	213 790	245 432	242 975	242 975	267 859	281 252	295 315
<u>Contributions recognised - capital</u>									
List contributions by contract									



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Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment									
Depreciation of Property , Plant & Equipment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	287 715	311 276	300 000	350 000	150 000	150 000	150 000	171 500	158 600
Bulk purchases									
Electricity Bulk Purchases	211 284	306 534	300 000	300 000	80 000	80 000	350 000	350 000	350 000
Water Bulk Purchases	10 868	12 275							
Total bulk purchases	222 152	318 809	300 000	300 000	80 000	80 000	350 000	350 000	350 000
Transfers and grants									
Cash transfers and grants	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	77 723	80 000	80 000	80 000	88 500	89 500	88 200
Contracted services									
Revenue Management(Old)	-	-							
Municipal assets Insurance	21 407	18 275	49 000	42 000	42 000	42 000	30 000	30 900	31 845
Indigent Register	1 413	1 511	1 000	1 500	500	500	500	525	551
Photocopy Machines	2 107	965	-		-	-			
Refuse collection	1 985	1 650	2 385	2 385	2 500	2 500			
Valuation roll/Credit control charges	3 740	3 235	1 200	1 200	2 500	2 500	2 000	2 100	2 205
Revenue Enhancement (New)	32 424	3 987	8 550	7 500	500	500	10 000	10 500	11 025
Financial System	4 780	1 374	3 000	1 000	1 950	1 950	2 000	2 100	2 205
Call outs	4 332	13 246	8 300	7 500	8 000	8 000	5 000	5 250	5 513
Collection costs/printing consumer accounts	-	205	1 000	1 200	1 000	1 000	500	525	551
Streetlights	-	-	30 000	20 715	10 000	10 000	10 000	10 000	10 000
CONTRACTED SERVICES : COMMISSION PAID TO DEBT COLLECTORS				20 000	36 500	36 500	5 000	5 250	5 513
sub-total	72 187	44 447	104 435	105 000	105 450	105 450	65 000	67 150	69 408
Allocations to organs of state:									
Electricity									
Water									
Sanitation									
Other									
Total contracted services	72 187	44 447	104 435	105 000	105 450	105 450	65 000	67 150	69 408



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Other Expenditure By Type									
Collection costs	-	2 556							
Contributions to 'other' provisions	-	-							
Consultant fees	10 299	26 217	35 947	12 381	8 660	8 660	14 362	15 080	15 834
Audit fees	5 780	5 847	1 580	1 362	5 112	5 112	4 000	4 200	4 410
General expenses	685	5 513	36 140	3 568	20 000	20 000	25 000	26 000	27 000
DEPARTMENTAL CHARGES	39	12 723	5 605	6 606	5 424	5 424	4 606	4 836	5 078
ASSETS FROM OWN FUNDS	22 606	7 746	6 600	7 459	7 083	7 083			
REPAIRS AND MAINTENANCE	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696
CLEAN AUDIT PROJECT	-	-	2 400	-					
REVENUE ENHANCEMENT SERVICES	-	-	5 223	-					
COMMISSION PAID TO DEBT COLLECTORS	-	-	40 000	-					
DUSTBINS	337	-	1 000	500	900	900	800	840	882
FUEL & OIL	4 915	6 233	5 250	4 040	1 997	1 997	3 207	3 368	3 536
PROTECTIVE CLOTHING	32	2 342	5 214	2 748	2 263	2 263	3 233	3 395	3 565
WATER LEVIES REFUND	26 799	39 000	20 228	34 000	30 000	30 000	28 000	29 400	30 870
BANK CHARGES	1 297	1 734	1 600	2 000	1 200	1 200	1 200	1 260	1 323
INDIGENT SUBSIDY	-	6 149	8 500	12 000	8 000	8 000	8 000	8 400	8 820
TELEPHONE	4 574	4 500	3 000	303	3 000	3 000	3 125	3 281	3 445
LEGAL CHARGES	1 977	2 532	1 500	1 580	3 055	3 055	3 060	3 213	3 374
EMPLOYEES WELLNESS	-	-	1 000	1 500	1 200	1 200	1 300	1 365	1 433
DATA LINE & ICT STRATEGY	2 523	4 340	2 000	1 000	2 300	2 300	2 240	2 352	2 470
IDP/LDO PROJECTS	2	-	2 000	1 550	8 393	8 393	9 584	10 063	10 567
MAYORAL FUND	541	191	810	400	10 000	10 000	5 000	5 250	5 513
BURSARIES	-	-	5 300	5 538	5 300	5 300	5 500	5 775	6 064
CAPACITY BUILDING	93	190	1 300	2 070	2 003	2 003	2 787	2 926	3 072
MEMBERSHIP FEES: SALGA	1 268	392	2 000	1 900	1 930	1 930	2 000	2 100	2 205
Other Expenditure By Type	4 000	785 785	65 000	102 380	55 285	55 285	79 702	83 923	88 422
Total 'Other' Expenditure	108 550	968 070	368 715	297 068	299 588	299 588	286 249	300 548	315 578
Repairs and Maintenance									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696
Total Repairs and Maintenance Expenditure	20 783	54 084	109 518	92 183	116 483	116 483	79 543	83 520	87 696

TABLE 65

FS194 Maluti-a-Phofung - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - Legislative Authority	Vote 2 - Office of the Municipal Manager	Vote 3 - Corporate Services	Vote 4 - Budget & Treasury Office	Vote 5 - Municipal Infrastructur e	Vote 6 - Community Services	Vote 7 - Public Safety	Vote 8 - Parks, Sports & Recreation	Vote 9 - LED & Tourism	Vote 10 - Human Settlement and Traditional	Vote 11 - Water & Sanitation	Vote 12 - Water	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand																
Revenue By Source																
Property rates				204 500												204 500
Property rates - penalties & collection charges																-
Service charges - electricity revenue					400 000											400 000
Service charges - water revenue												70 500				70 500
Service charges - sanitation revenue											33 000					33 000
Service charges - refuse revenue					25 000											25 000
Service charges - other																-
Rental of facilities and equipment			200					1 421								1 621
Interest earned - external investments				2 000												2 000
Interest earned - outstanding debtors				30 000												30 000
Dividends received																-
Fines							3 500									3 500
Licences and permits																-
Agency services																-
Other revenue				78 110	1 728	53	2 129			382						82 402
Transfers recognised - operational				403 188												403 188
Gains on disposal of PPE																-
Total Revenue (excluding capital transfers and	-	-	200	717 798	426 728	53	5 629	1 421	-	382	33 000	70 500	-	-	-	1 255 711
Expenditure By Type																
Employee related costs	8 587	20 642	21 924	36 796	81 800	9 023	30 739	34 908	6 183	17 257						267 859
Remuneration of councillors	22 100															22 100
Debt impairment				15 000												15 000
Depreciation & asset impairment				150 000												150 000
Finance charges				6 000												6 000
Bulk purchases					350 000											350 000
Other materials																-
Contracted services				43 000	22 000											65 000
Transfers and grants				88 500												88 500
Other expenditure	20 011	7 887	10 470	61 200	121 243	3 108	17 984	5 215	15 908	23 223						286 249
Loss on disposal of PPE																-
Total Expenditure	50 698	28 529	32 394	400 496	575 043	12 131	48 723	40 123	22 091	40 481	-	-	-	-	-	1 250 708
Surplus/(Deficit)	(50 698)	(28 529)	(32 194)	317 302	(148 314)	(12 079)	(43 094)	(38 702)	(22 091)	(40 099)	33 000	70 500	-	-	-	5 003
Transfers recognised - capital				253 309												253 309
Contributions recognised - capital																-
Contributed assets																-
Surplus/(Deficit) after capital transfers & contributions	(50 698)	(28 529)	(32 194)	570 611	(148 314)	(12 079)	(43 094)	(38 702)	(22 091)	(40 099)	33 000	70 500	-	-	-	258 312

TABLE 66

FS194 Maluti-a-Phofung - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days									
Other current investments > 90 days			125 369		180 387	166 286	100 000	100 000	101 000
Total Call investment deposits	-	-	125 369	-	180 387	166 286	100 000	100 000	101 000
Consumer debtors									
Consumer debtors	573 986	652 941	602 000	685 588	651 325	651 325	683 891	718 086	753 990
Less: Provision for debt impairment	(422 310)	(490 762)	(514 793)	(515 300)	(520 530)	(520 530)	(546 556)	(573 884)	(602 578)
Total Consumer debtors	151 677	162 179	87 207	170 288	130 795	130 795	137 335	144 202	151 412
Debt impairment provision									
Balance at the beginning of the year	422 310	490 762	96 509	515 300	520 530	520 530	546 556	573 884	602 578
Contributions to the provision									
Bad debts written off									
Balance at end of year	422 310	490 762	96 509	515 300	520 530	520 530	546 556	573 884	602 578
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 561 296	4 911 379	4 834 824	5 156 948	5 413 078	5 413 078	5 683 732	5 967 918	6 266 314
Leases recognised as PPE	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	1 017 954	1 004 747	458 925	1 054 985	1 054 985	1 054 985	1 107 734	1 163 121	1 221 277
Total Property, plant and equipment (PPE)	4 543 343	3 906 632	4 375 899	4 101 963	4 358 093	4 358 093	4 575 998	4 804 798	5 045 038
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)				-					
Current portion of long-term liabilities	8 378	10 475	3 527	10 999	(0)	(0)	(0)	(0)	(0)
Total Current liabilities - Borrowing	8 378	10 475	3 527	10 999	(0)	(0)	(0)	(0)	(0)
Trade and other payables									
Trade and other creditors	204 784	242 864	207 264	50 000	220 492	220 492	231 517	243 093	255 247
Unspent conditional transfers	17 347	8 086	10 280	8 490	8 854	8 854	9 297	9 761	10 250
VAT			3 892		12 993	12 993	13 642	14 325	15 041
Total Trade and other payables	222 131	250 949	221 436	58 490	242 339	242 339	254 456	267 179	280 538
Non current liabilities - Borrowing									
Borrowing	12 510	14 147	14 147	14 854	0	0	0	0	0
Finance leases (including PPP asset element)	403	7 168	7 675	7 527	20 674	20 674	21 708	22 793	23 933
Total Non current liabilities - Borrowing	12 913	21 315	21 821	22 381	20 675	20 675	21 708	22 794	23 933
Provisions - non-current									
Retirement benefits	8 480	9 344	9 344	9 811	11 181	11 181	11 740	12 327	12 943
<i>List other major provision items</i>									
Refuse landfill site rehabilitation	-	35 028		36 779	0	0	0	0	0
Other	11 033	11 938	46 779	12 535	54 066	54 066	56 769	59 608	62 588
Total Provisions - non-current	19 513	56 310	56 123	59 126	65 247	65 247	68 510	71 935	75 532
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	4 549 086	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341
GRAP adjustments	3 685 684	-							
Restated balance	8 234 770	3 804 384	4 442 236	4 199 077	4 367 482	4 353 381	4 545 661	4 767 944	5 002 341
Surplus/(Deficit)	(108 850)	(832 816)	258 430	269 133	289 258	289 258	258 309	256 380	273 045
Appropriations to Reserves	-								
Transfers from Reserves	-								
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit)	8 125 920	2 971 567	4 700 666	4 468 210	4 656 739	4 642 639	4 803 970	5 024 324	5 275 386
Reserves									
Housing Development Fund									
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	8 125 920	2 971 567	4 700 666	4 468 210	4 656 739	4 642 639	4 803 970	5 024 324	5 275 386

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services									

TABLE 67

FS194 Maluti-a-Phofung - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						517	385	620	718	754	791	831
Females aged 5 - 14						58	42	65	75	79	83	87
Males aged 5 - 14						56	43	59	68	72	75	79
Females aged 15 - 34						100	75	103	119	125	131	138
Males aged 15 - 34						88	66	89	103	109	114	120
Unemployment						84	-	259	300	315	331	347
Monthly household income (no. of households)	1, 12											
No income						191 401	191 401	191 401	221 571	232 649	244 282	256 496
R1 - R1 600						161 806	161 806	161 806	187 311	196 676	206 510	216 836
R1 601 - R3 200						6 890	6 890	6 890	7 976	8 375	8 794	9 233
R3 201 - R6 400						7 020	7 020	7 020	8 127	8 533	8 959	9 407
R6 401 - R12 800						4 526	4 526	4 526	5 239	5 501	5 776	6 065
R12 801 - R25 600						1 572	1 572	1 572	1 820	1 911	2 006	2 107
R25 601 - R51 200						497	497	497	575	604	634	666
R52 201 - R102 400						125	125	125	145	152	160	168
R102 401 - R204 800						215	215	215	249	261	274	288
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						465	465	552	639	671	705	740
Number of poor people in municipal area						56	60	66	77	81	85	89
Number of households in municipal area						117	117	138	160	168	176	185
Number of poor households in municipal area						26	26	30	35	36	38	40
Definition of poor household (R per month)						1 850	1 850	2 196	2 542	2 669	2 803	2 943
Housing statistics	3											
Formal						1		1	1	1	1	1
Informal						0		0	0	0	0	0
Total number of households						1		1	1	1	1	1
Dwellings provided by municipality	4						83 300					
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings						-	83 300	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing						13.5%		13.9%	13.9%			
Interest rate - investment						9.5%		9.8%	9.8%			
Remuneration increases						7.5%		7.7%	7.0%			
Consumption growth (electricity)						10.0%		10.5%	13.0%			
Consumption growth (water)						10.0%		10.5%	13.0%			
Collection rates	7											
Property tax/service charges						70.0%		70.5%	50.0%			
Rental of facilities & equipment						6.5%		6.9%	6.9%			
Interest - external investments						9.5%		9.7%	9.7%			
Interest - debtors						12.5%		12.6%	12.6%			
Revenue from agency services						10.0%		10.5%	10.5%			



Maluti-A-Phofung Municipality Draft Annual Budget 2014 /2015 Medium Term Revenue Expenditure Framework, IDP and Budget related policies

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	8 10 9 10	Household service targets (000)									
		Water:									
		Piped water inside dwelling	13 000	13 200	13 860	14 553	14 553	14 553	15 281	16 045	16 847
		Piped water inside yard (but not in dwelling)	5 115	5 371	5 639	5 921	5 921	5 921	6 217	6 528	6 854
		Using public tap (at least min.service level)	3 900	3 986	4 010	4 211	4 211	4 211	4 421	4 642	4 874
		Other water supply (at least min.service level)	2 395	2 514	2 640	2 772	2 772	2 772	2 911	3 056	3 209
		Minimum Service Level and Above sub-total	24 410	25 071	26 149	27 456	27 456	27 456	28 829	30 271	31 784
		Using public tap (< min.service level)									
		Other water supply (< min.service level)									
		No water supply	186	195	205	215	215	215	226	237	249
		Below Minimum Service Level sub-total	186	195	205	215	215	215	226	237	249
		Total number of households	24 596	25 266	26 354	27 672	27 672	27 672	29 055	30 508	32 033
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	13 373	14 042	14 744	15 481	15 481	15 481	16 255	17 068	17 921
		Flush toilet (with septic tank)	469	492	517	543	543	543	570	598	628
		Chemical toilet	4 645	4 878	5 122	5 378	5 378	5 378	5 647	5 929	6 226
		Pit toilet (ventilated)	29 718	31 204	32 765	34 403	34 403	34 403	36 123	37 930	39 826
		Other toilet provisions (> min.service level)	1 014	1 064	1 117	1 173	1 173	1 173	1 231	1 293	1 358
		Minimum Service Level and Above sub-total	49 219	51 680	54 265	56 978	56 978	56 978	59 827	62 819	65 959
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions	1 014	1 064	1 117	1 173	1 173	1 173	1 231	1 293	1 358
		Below Minimum Service Level sub-total	1 014	1 064	1 117	1 173	1 173	1 173	1 231	1 293	1 358
		Total number of households	50 233	52 744	55 382	58 151	58 151	58 151	61 059	64 112	67 317
		Energy:									
		Electricity (at least min.service level)	3 049	3 201	3 361	3 529	3 529	3 529	3 706	3 891	4 085
		Electricity - prepaid (min.service level)	9 149	9 606	10 086	10 590	10 590	10 590	11 120	11 676	12 260
		Minimum Service Level and Above sub-total	12 198	12 807	13 447	14 119	14 119	14 119	14 825	15 567	16 345
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources	6 026	6 327	6 643	6 975	6 975	6 975	7 324	7 690	8 075
		Below Minimum Service Level sub-total	6 026	6 327	6 643	6 975	6 975	6 975	7 324	7 690	8 075
		Total number of households	18 224	19 134	20 090	21 095	21 095	21 095	22 149	23 257	24 420
		Refuse:									
		Removed at least once a week	16 550	37 000	44 000	46 200	46 200	46 200	48 510	50 936	53 482
		Minimum Service Level and Above sub-total	16 550	37 000	44 000	46 200	46 200	46 200	48 510	50 936	53 482
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	16 550	37 000	44 000	46 200	46 200	46 200	48 510	50 936	53 482



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Municipal in-house services	Ref.		2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Energy:									
		Electricity (at least min.service level)	86 316	20 000	83 098	21 000	21 000	21 000	22 050	23 153	24 310
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	86 316	20 000	83 098	21 000	21 000	21 000	22 050	23 153	24 310
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	86 316	20 000	83 098	21 000	21 000	21 000	22 050	23 153	24 310
		Refuse:									
		Removed at least once a week	30 112	25 000	30 112	26 250	26 250	26 250	27 563	28 941	30 388
		<i>Minimum Service Level and Above sub-total</i>	30 112	25 000	30 112	26 250	26 250	26 250	27 563	28 941	30 388
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump	2	2 100	2	2 205	2 205	2 205	2 315	2 431	2 553
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	2	2 100	2	2 205	2 205	2 205	2 315	2 431	2 553
		Total number of households	30 114	27 100	30 114	28 455	28 455	28 455	29 878	31 372	32 940
Municipal entity services	Ref.		2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling	43 482	-	43 482	-	-	-			
	8	Piped water inside yard (but not in dwelling)	54 398	44 000	43 108	46 200	46 200	46 200	48 510	50 936	53 482
	10	Using public tap (at least min.service level)	2 620	-	2 620	-	-	-			
		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	100 500	44 000	89 210	46 200	46 200	46 200	48 510	50 936	53 482
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	100 500	44 000	89 210	46 200	46 200	46 200	48 510	50 936	53 482
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	31 228		31 228	32 789	32 789	32 789	34 429	36 150	37 958
		Flush toilet (with septic tank)	1 756		1 756	1 844	1 844	1 844	1 936	2 033	2 134
		Chemical toilet									
		Pit toilet (ventilated)	38 000	32 000	30 793	33 600	33 600	33 600	35 280	37 044	38 896
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	70 984	32 000	63 777	68 233	68 233	68 233	71 645	75 227	78 988
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	70 984	32 000	63 777	68 233	68 233	68 233	71 645	75 227	78 988
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-



TABLE 68

FS194 Maluti-a-Phofung - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand

2.14.1 ANNUAL BUDGETS OF MUNICIPAL ENTITIES

See Annexure 2 for details schedules



2.15 Municipal manager's quality certification

I TC TAETSANE Municipal Manager of Maluti - A - Phofung Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act, and that the annual budget is consistent with the business plans of the municipality and the integrated development plan

Print name: TAETSANE TC

Municipal Manager of Maluti - A - Phofung Municipality

Signature: _____

Date: _____